

**LEASE**

**BETWEEN**

**GARY D. NELSON AND MARCIA L. NELSON,  
TRUSTEES OF THE GARY D. NELSON AND MARCIA L.  
NELSON FAMILY TRUST**

**AND**

**COUNTY OF SONOMA**



**FOR**

**19080 Lomita Avenue, 1<sup>st</sup> Floor  
Sonoma, California  
APN 127-153-023**

**DATED: \_\_\_\_\_, 2023**

**19080 LOMITA AVENUE, 1<sup>st</sup> FLOOR, SONOMA, CA**

**Modified Gross Lease**

**BASIC LEASE INFORMATION**

In the event of any conflict between this Basic Lease Information and the Lease, the Lease shall prevail.

**LANDLORD:** **GARY D. NELSON AND MARCIA L. NELSON, TRUSTEES OF THE GARY D. NELSON AND MARCIA L. NELSON FAMILY TRUST**

**LANDLORD'S ADDRESS:** **GARY D. NELSON AND MARCIA L. NELSON, TRUSTEES OF THE GARY D. NELSON AND MARCIA L. NELSON FAMILY TRUST**  
3669 Pawnee Pass South  
Lakeway, Texas, 78734

*With a copy to:*

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**TENANT:** **COUNTY OF SONOMA**, a political subdivision of the State of California

**TENANT'S ADDRESS:** **COUNTY OF SONOMA**  
Sonoma County Public Infrastructure  
Attn: Real Estate Manager  
2300 County Center Drive, Suite A220  
Santa Rosa, CA 95403

*With a copy to:*

**COUNTY OF SONOMA**  
Board of Supervisors  
Attn: 1<sup>st</sup> District Supervisor  
575 Administration Drive  
Santa Rosa, CA 95403

**PREMISES:** Seven thousand three hundred thirty-two (7,332) square feet of Rentable Area located on the 1<sup>st</sup> floor of 19080 Lomita Avenue, in Sonoma, California, as more particularly shown on **Exhibit A** attached hereto.

**PROJECT:** That certain Sonoma County Assessor’s Parcel Number 127-153-023, a two-story professional office building located in the City of Sonoma, the County of Sonoma, California, commonly referred to as 19080 Lomita Avenue, consisting of nine thousand two hundred seventy-seven (9,277) sq. ft. of Rentable Area.

**TERM:** Five (5) years

**OPTION:** One, 5-year option to extend the term of the Lease.

**BASE RENT:** \$2.40 per sq. ft.; Seventeen Thousand Five Hundred Ninety-Six and 80/ 100 Dollars (\$ 17,596.80) per month.

Rent shall be adjusted by three percent (3%) on the 1<sup>st</sup> anniversary of the Commencement Date, and annually thereafter, on the Commencement Date.

**FIRST RIGHT OF REFUSAL:** Tenant shall have a First Right of Refusal to Purchase the Property. See Article 1.

**SECURITY DEPOSIT:** \$0.00

**PROGRAM FOR WHICH THE PREMISES IS LEASED:** General office and governmental office purposes.

**PERMITTED USE:** Office, administration and related programs, provided through the County.

**PARKING SPACES:** Three (3) on-site parking spaces per 1,000 SF leased (22 spaces) on an unreserved basis and accessible to Tenant 24 hours per day, 7 days per week, at no additional charge. See Article 8.

**REAL ESTATE BROKERS:** Jones Lang LaSalle Brokerage, Inc. (in c/o Laura Duffy)  
Compass (in c/o Jeff Lokey)

## **EXHIBITS AND ADDENDUM:**

Exhibit A	Diagram of Premises
Exhibit B	Site Plan
Exhibit C	Leasehold Improvement Agreement
Exhibit D	Acknowledgement of Commencement Date
Exhibit E	Insurance Requirements
Exhibit F	Subordination Non-Disturbance; and Estoppel Forms
Exhibit G	Covid19-related Requirements

## LEASE

This Lease ("Lease") is made this day of \_\_\_\_\_ ("Effective Date"), by and between **GARY D. NELSON and MARCIA L. NELSON, TRUSTEES OF THE GARY D. NELSON AND MARCIA L. NELSON FAMILY TRUST** (collectively hereinafter called "Landlord"), and the **COUNTY OF SONOMA**, a political subdivision of the State of California (hereinafter called "Tenant"). Landlord and Tenant are sometimes collectively referred to herein as the "parties" and singularly, as "party."

### ARTICLE 1

#### REAL PROPERTY, BUILDING, AND PREMISES

1.1 Lease of Premises. Landlord hereby leases to Tenant and Tenant leases from Landlord the first floor of those certain premises described in **Exhibit A** attached hereto ("Premises"), which are situated in that certain commercial office building ("Building"), situated on that certain real property commonly known as Sonoma County Assessor's Parcel Number 127-153-023, located in the City of Sonoma, County of Sonoma, State of California ("Real Property"). Subject to verification as provided in Subsection 1.4.2, the Rentable Area (as defined in Section 1.4) of the Premises is seven thousand three hundred thirty-two (7,332) square feet, while the Rentable Area of the Building is nine thousand two hundred seventy-seven (9,277) square feet, and the 2<sup>nd</sup> floor of the Building is exclusively reserved for Landlord, including right of access. The Building, the areas servicing the Building, and the land on which the Building and those areas are located (as shown on the site plan attached to this Lease as **Exhibit B**) are sometimes collectively referred to as the "Real Property".

1.2 Appurtenant Rights. Tenant shall have the right to the non-exclusive use, in common with others, throughout the term of this Lease, of all common stairways, elevators, sidewalks, plazas and walkways, easements and service alleys surrounding the Building, delivery and loading areas and facilities of the Building, elevator lobbies, telephone equipment rooms and all other common facilities in or about the Building, and the appurtenances thereto, as the same may exist from time to time. Such use shall be for Tenant and its customers, agents, employees, assignees, subtenants, licensees and invitees, and shall be in common with the use of same by Landlord, its tenants, customers, agents, employees, licensees and invitees. Landlord covenants that all light and air now enjoyed by the Premises shall not be interrupted or disturbed by any act of Landlord during the term of this Lease.

1.3 Preparation of Premises; Acceptance. The Landlord shall construct certain improvements and site preparation work prior to commencement of this Lease and Tenant occupancy, and shall deliver the Premises to Tenant in a condition for Tenant's fixturing and equipment, in accordance with the Leasehold Improvement Agreement ("LIA") attached to this Lease as **Exhibit C**. If this Lease conflicts with the LIA, the LIA shall prevail. Landlord hereby represents and warrants to Tenant that Landlord shall complete the Premises in accordance with the terms and conditions of the LIA, even in the event that Landlord fails to obtain financing for some or all of the improvements. Landlord and the General Contractor (as defined in the LIA) shall comply with the attached **Attachment D** – Prevailing Wage Addendum, and federal, state and

local law, including but not limited to, as applicable, accessibility and permitting requirements. Landlord shall cause all work under the LIA to be performed in accordance with Tenant's sustainability practices, including any third-party rating system concerning the environmental compliance of the Building or the Premises, as the same may change from time to time. Landlord further agrees to engage a qualified third-party CalGreen or similarly qualified professional during the design phase through implementation of all work set forth in the LIA to review all plans, material procurement, demolition, construction and waste management procedures to ensure the leasehold improvement project is in full conformance with Tenant's sustainability practices, and to obtain and maintain compliance with CalGreen on or promptly after the date of Substantial Completion (as defined below).

#### 1.4 Rentable Area and Usable Area.

1.4.1 Standard of Calculation. For purposes of this Lease, "Rentable Area," "Rentable Square Feet," "Rentable Square Footage," "Usable Area," "Usable Square Feet," and "Usable Square Footage" shall be calculated under the American National Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-2017 or successor standard(s), adopted by the Building Owners and Managers Association International ("BOMA").

1.4.2 Verification of Rentable Area and Usable Area. If requested by Tenant, within thirty (30) days after execution of this Lease Landlord's architect shall calculate and certify in writing to Landlord and Tenant the Rentable Area and Usable Area of the Premises and the Rentable Area of the Building. The cost for such verification by Landlord's architect shall be borne by the Tenant, payable within thirty (30) days of Tenant's written receipt of verified square footage and of invoice for the work. If Tenant disagrees with the determination of the Rentable Area or Usable Area of the Premises or the Rentable Area of the Building as calculated by Landlord's architect, Tenant shall provide Landlord with written notice of Tenant's disagreement ("Tenant's Notice of Disapproval") within thirty (30) days after the date on which Tenant receives the calculation by Landlord's architect. The parties shall diligently attempt in good faith to resolve the disagreement over the Rentable Area or Usable Area of the Premises or the Rentable Area of the Building within thirty (30) days after the date on which Landlord receives Tenant's Notice of Disapproval. If the parties are unable to resolve the disagreement within that period of time, the dispute shall be resolved by arbitration under Article 23, except that the arbitrator must be a licensed architect with a minimum of five (5) years' experience in designing office buildings similar to the Building, and the arbitrator must render a final decision within forty-five (45) days after the date on which the arbitrator is selected. Landlord shall provide written certification of the Rentable and Usable Area of the Premises and the Rentable Area of the Building at Landlord's sole cost and expense.

1.4.3 Adjustment of Rent. On the final determination of the Rentable Area of the Premises and the Building, if the Rentable Area of either is different from that stated in Section 1.1, Rent that is based on the Rentable Area shall be recalculated in accordance with that final determination. On the recalculation of Rent as provided in this Subsection 1.4.3, the parties shall execute an amendment to this Lease, stating the recalculated Rentable Area and the recalculated Rent. Execution of that amendment shall not be a condition precedent to the effectiveness of the recalculated Rent. If there is a dispute over the Rentable Area of the Premises or the Building that has not been settled as provided in Subsection 1.4.2 by the date on which Tenant is required to begin paying Rent under this Lease, Tenant shall pay to Landlord the Rent stated in Section 4.1

until final determination of the Rentable Area of the Premises. If the Rent after final determination of the Rentable Area of the Premises is more than the Rent specified in Section 4.1, the deficiency must be paid by Tenant to Landlord, without interest, within thirty (30) days after that final determination. If the Rent after final determination of the Rentable Area of the Premises is less than the Rent in Section 4.1, Landlord shall credit the overpayment made by Tenant to the next Rent due, without interest.

1.5 Right of First Refusal to Purchase. Landlord hereby grants to Tenant a right of first refusal to purchase the Real Property upon which the Premises is located (the "Purchase Right of First Refusal"). If, during the Lease Term, Landlord receives or solicits a bona fide offer from a third party to purchase the Real Property on terms acceptable to Landlord, or if the Real Property is offered for sale by foreclosure or any other forced sale, Landlord shall give Tenant written notice of its receipt of each said offer or sale and its material terms and conditions, and a statement that Landlord is acting in good faith, is prepared to accept the terms of the third party offer (the "Purchase Notice"). Tenant shall then give Landlord written notice within thirty (30) calendar days of the receipt of the Purchase Notice of its election to either exercise or decline to exercise its Purchase Right of First Refusal at the price and pursuant to the material terms and conditions of the bona fide offer contained in the Purchase Notice, subject to approval by Tenant's County Board of Supervisors. Tenant's Purchase Right of First Refusal shall expire after twelve (12) months from the Commencement Date.

## ARTICLE 2

### TERM

2.1 Term. The term of this Lease ("Lease Term") shall commence on the Commencement Date provided for in Section 2.2 below and shall end upon the expiration of five (5) years following said Commencement Date plus the number of days between the Commencement Date and the first day of the next successive calendar month if the Commencement Date occurs on a day other than the first day of a calendar month ("Lease Expiration Date"), subject to any option, renewal or extension rights of Tenant as provided for in this Lease.

2.2 Commencement Date. The Lease Term shall commence on the later of the following dates (the "Commencement Date"): (a) **October 1, 2023**, or (b) the day that is the first Monday following the elapse of thirty (30) days from actual receipt by Tenant of written notice from Landlord that the work to be done pursuant to Workscope #1 in the Premises by Landlord pursuant to the provisions of Exhibit C is substantially completed. Notwithstanding the foregoing, if Tenant receives actual written notice from Landlord more than thirty (30) days prior to the date stated in subclause (a) of the preceding sentence that the work to be done in the Premises pursuant to Workscope #1 by Landlord is substantially completed and if Tenant commences operation of its business in the Premises prior to the date stated in said subclause (a), then this Lease shall commence on the date that Tenant commences operation of its business in the Premises. Upon the determination of the Commencement Date, Landlord and Tenant shall execute a written acknowledgment of the Commencement Date and shall attach it to this Lease as Exhibit D.

2.3 Substantial Completion of Landlord's Work – Workscope #1. Landlord shall diligently pursue completion of any minor details or adjustments that have not been performed at

the time Landlord gives notice of substantial completion of Workscope #1 to Tenant. Notwithstanding anything contained herein to the contrary, if, after receiving the aforesaid notice from Landlord that the Landlord's work is substantially completed pursuant to Workscope #1, Tenant shall be delayed in installing and completing or having installed and completed any finishing work necessary for the operation of Tenant's business in the Premises (including, without limitation, files, reproduction and other office equipment, and telephone communications facilities) or in completing the move or installation of substantially all of its furniture and other equipment into the Premises so as to be able to commence its business there, by reason of fire, casualty, acts of God, strikes, lockouts, or other labor troubles, inability to secure materials, governmental laws or regulations, or other causes of whatever kind beyond the reasonable control of Tenant, then the Commencement Date shall be deferred for a period of time equivalent to the period of such delay. Evidence of when the Landlord's work has been substantially completed pursuant to Workscope #1 shall be a certificate to that effect signed by Landlord's architect and Tenant's representative. "Substantial Completion of Landlord's Work" or "substantially completed" is defined in Section 5.1 of **Exhibit C**. Landlord agrees to use its best efforts to provide Tenant with at least thirty (30) days' advance notice of the date on which the Premises are expected to be substantially completed pursuant to Workscope #1.

2.3.1 Early Occupancy/Fixturing Period. Tenant shall have the right of early access to the Premises for a fixturing period of thirty (30) days prior to the Commencement Date for installation of Tenant's furniture, fixtures and equipment, and only if such early occupancy period does not interfere with Landlord's ability to vacate the current Tenant from the premises.

2.4 Completion of Landlord's Work – Workscope #2. Landlord shall diligently pursue completion of Workscope #2 pursuant to the provisions of **Exhibit C**. Evidence of when the Landlord's work has been substantially completed pursuant to Workscope #2 shall be a certificate to that effect signed by Landlord's architect and Tenant's representative. "Substantial Completion of Landlord's Work" or "substantially completed" is defined in Section 5.1 of **Exhibit C**. Landlord agrees to use its best efforts to provide Tenant with at least thirty (30) days' advance notice of the date on which the Premises are expected to be substantially completed pursuant to Workscope #2.

2.5 Delay in Commencement; Delay in Completion of Work.

2.5.1 Delay in Commencement; Completion of Workscope #1. If Landlord, for any reason whatsoever, fails to give Tenant notice by **December 31, 2023**, that the Landlord's work in the Premises pursuant to Workscope #1 is substantially completed, then the Tenant may: (a) cancel this Lease by giving Landlord five (5) days prior written notice of its intention to do so, and recover the additional sum of six (6) months' rent from Landlord, as liquidated damages; or (b) extend Landlord's time for completion thereof, and withhold subsequent rental payments as may be necessary, as liquidated damages, an amount equal to one and one-half times the Rent otherwise due for each day after said date during which Landlord has failed to give Tenant such notice of substantial completion. This agreement for liquidated damages is entered into because the amount is manifestly reasonable under the circumstances at the time of this Lease, and it would be extremely difficult or impossible to determine, with any degree of accuracy, the actual damages caused by such delay. Landlord's obligation to complete the Premises within the time specified in this Section 2.5 shall not be extended for any reason except delays caused by Tenant, strikes, lockouts, fires, floods, war, civil disorder or government regulations.

2.5.2 Delay in Completion - Workslope #2. If Landlord, for any reason whatsoever, fails to give Tenant notice by **December 31, 2023**, that the Landlord's work in the Premises pursuant to Workslope #2 is substantially completed, then the Tenant may extend Landlord's time for completion thereof, and withhold subsequent rental payments as may be necessary, as liquidated damages, an amount equal to one and one-half times the Rent otherwise due for each day after said date during which Landlord has failed to give Tenant such notice of substantial completion. This agreement for liquidated damages is entered into because the amount is manifestly reasonable under the circumstances at the time of this Lease, and it would be extremely difficult or impossible to determine, with any degree of accuracy, the actual damages caused by such delay. Landlord's obligation to complete the Premises within the time specified in this Section 2.5 shall not be extended for any reason except delays caused by Tenant, strikes, lockouts, fires, floods, war, civil disorder or government regulations.

2.6 Option To Extend Term. Landlord grants to Tenant one (1) option to extend the Lease Term ("Extension Option") for a period of five (5) years ("Option Term"), subject to the conditions described in this Section 2.6.

2.6.1 Conditions of Option. The Extension Option may be exercised only by written notice delivered by Tenant to Landlord as provided in Subsection 2.6.3 and only if, as of the date of delivery of the notice, Tenant is not in material default under this Lease after the expiration of any applicable cure periods. If Tenant properly exercises the Extension Option, the Lease Term, as it applies to the entire Premises then leased by Tenant, shall be extended for the respective Option Term. Upon exercise of the Extension Option, Landlord shall, prior to the commencement of the first Option Term: 1) repaint the Premises; and 2) install new carpeting throughout the Premises, including lifting and moving of Tenant's furniture and equipment) during non-business hours in a manner acceptable to Tenant at Landlord's sole cost and expense.

2.6.2 Option Rent. Upon exercise of the Extension Option, the Rent payable by Tenant at the commencement of the Option Term shall be adjusted by three percent (3%) per square foot from the previous rent then in effect; and increased annually on the anniversary of the Commencement Date by three percent (3%) per square foot thereafter during the Option Term.

2.6.3 Exercise of Option. If Tenant wishes to exercise its Extension Option, Tenant shall deliver written notice to Landlord no less than nine (9) months before the expiration of the initial Lease Term.

2.6.4 Option Confirmation. If Tenant timely exercises the Extension Option, Landlord and Tenant shall execute a written confirmation to memorialize the exercise of the option, and the resulting extension (along with applicable dates) on the terms and conditions set forth in this Section 2.6. Execution of that instrument shall not be a condition precedent to the effectiveness of the Option Term. Landlord and Tenant hereby acknowledge that the Director of the Sonoma County Public Infrastructure Department has been delegated authority to execute such an instrument, as required pursuant to this Section 2.6.4.

2.7 Termination by Tenant.

2.7.1 Non-appropriation of Funds. After month 36 of the Initial Term of this Lease, Tenant may terminate this Lease, in accordance with Section 2.7.3 below, with respect to all or

part of the Premises upon eight (8) months' prior written notice to Landlord ("Termination Notice") on the happening of any one or more of the following events: (a) the County Board of Supervisors fails to appropriate sufficient funds for the rental of the property covered by this Lease; (b) the County Board of Supervisors discontinues, in whole or in part, the program or agency for which the Premises were leased; or (c) the funding, whether County, State or Federal, for the program or agency for which the Premises were leased is reduced or withdrawn.

2.7.2 Discretionary Termination. Intentionally deleted.

2.7.3 Termination Procedures.

2.7.3.1 Exercise of Termination Right. The Premises or that part of the Premises subject to any Termination Notice shall be referred to as the "Canceled Premises." The termination shall be effective as of eight (8) months after Tenant delivers the Termination Notice to Landlord ("Lease Termination Date"). If Tenant terminates the Lease pursuant to this Section 2.7, Tenant's delivery of the Termination Notice to Landlord shall be accompanied by an amount equal to the Lease Termination Fee, as defined in Section 2.7.3.2, in addition to payment of six (6) months of the then-base rent per month.

2.7.3.2 Lease Termination Fee. Before giving the Termination Notice, Tenant shall give Landlord a preliminary notice stating Tenant's intention to exercise the right to terminate and the proposed Lease Termination Date. Within thirty (30) days after receiving the preliminary notice from Tenant, Landlord shall notify Tenant of the amount of the Lease Termination Fee based on the appropriate Lease Termination Date set forth in Tenant's notice. The Lease Termination Fee shall be equal to the "Unamortized Value as of the Lease Termination Date" of the "Lease Concessions," as defined in this Subsection 2.7.3.2.

2.7.3.2.a Lease Concessions. For purposes of this Subsection 2.7.3.2.a, "Lease Concessions" shall be equal to the sum of (a) the unamortized value of the tenant improvement allowance; (b) amount of the real estate commissions paid by Landlord to the brokers in connection with the consummation of this Lease; and (c) the amount of attorney's fees paid to Landlord's attorney to initially review and negotiate this Lease.

2.7.3.2.b Unamortized Value as of Lease Termination Date. The "Unamortized Value as of the Lease Termination Date" of the Lease Concessions shall be equal to the product of:

(a) The number of months of the Lease Term remaining after the Lease Termination Date until the original Lease Expiration Date;

(b) The Monthly Amortization Amount, as determined in Subsection 2.7.3.2.c.

2.7.3.2.c Monthly Amortization Amount. The "Monthly Amortization Amount" shall be determined as if it were a component of an annuity, using:

(a) The amount of the Lease Concessions, not including any concessions for Tenant's expansion options, as the present value of the annuity;

interest factor;

(b) Zero percent (0%) per annum as the future value

(c) Sixty (60) as the number of monthly payments of the annuity, commencing on the Lease Commencement Date and ending on the Lease Expiration Date; and

(d) The Monthly Amortization Amount (the missing component) as the monthly payment amount under the annuity.

2.8 Holding Over. Any holding over by Tenant shall not be nor be construed to be a renewal of the term of this Lease but shall constitute a month-to-month tenancy which may be terminated by either party upon ninety (90) days' prior written notice to the other party, and shall otherwise be on the same terms and conditions herein set forth, except for monthly rent, which shall be at one hundred thirty percent (130%) of the then-current monthly rent.

### ARTICLE 3

#### USE OF PREMISES

3.1 Tenant's Use. Tenant shall use and occupy the Premises for any lawful business use so long as such use continues to be for standard professional office space.

3.2 Landlord's Obligations and Right of Access to 2nd Floor. Landlord shall lease space in the Building only for purposes consistent with the maintenance of a first-class office/commercial building of the kind and character of the Building as of the date hereof. Landlord shall have the right of access through the Building to the 2<sup>nd</sup> floor on all days and times. Such access shall not extend to any other portion of Tenant's Premises, including offices, conference rooms, and/or storage spaces.

### ARTICLE 4

#### RENT

4.1 Definition of "Rent"--Limited Setoff. Commencing on the Commencement Date, Tenant shall pay to Landlord rent ("Rent") in equal monthly installments of Seventeen Thousand Five Hundred Ninety-Six and 80/100 Dollars (\$17,596.80) (\$2.40 per square foot of the Rentable Area per month) in arrears on or before the last day of every calendar month during the Lease Term, without any setoff or deduction except as provided in Section 5.1 and Section 20.2. Payment shall be made at the address set forth in Section 19 or at any other place that Landlord may from time to time designate in writing. Tenant shall not be obligated to recognize any agent for the collection of Rent until written notice of the appointment and the extent of the authority of such agent shall be provided to Tenant by Landlord. Tenant shall not be responsible for any operating expenses or operating expense pass-throughs during the Lease Term.

4.2 Initial Payment; Proration. The Rent for the first full calendar month of the Lease Term shall be paid on the Commencement Date. If any payment date (including the Commencement Date) for Rent, falls on a day other than the first day of that calendar month, or if any Rent payment is for a period shorter than one calendar month, the Rent for that fractional calendar month shall accrue on a daily basis for each day of that fractional month at a daily rate equal to 1/365 of the total annual Rent. All other payments or adjustments that are required to be made under the terms of this Lease and that require proration on a time basis shall be prorated on the same basis.

4.3 Rental Adjustments. Rent shall be adjusted by three percent (3%) annually during the Lease term on the anniversary of Commencement Date.

4.4 Rent Concessions. Tenant shall be entitled to a Tenant Improvement Allowance of Thirteen and 00/100 Dollars (\$13.00) per rentable sq. ft. of the Premises, equal to Ninety-Five Thousand Three Hundred Sixteen and 00/100 Dollars (\$95,316.00), which shall be applied towards Landlord's completion of Landlord's Work pursuant to Exhibit C under this Lease.

## ARTICLE 5

### MAINTENANCE

5.1 Maintenance of Building and Premises. Except as otherwise provided in this Lease, during the Lease Term, Landlord, at its expense, agrees to maintain the Building and the Premises, in first class condition appropriate for a building of this type and in this location. This obligation shall include, but not by way of limitation, the maintenance and repair of any air conditioning, heating, ventilating, elevator, sprinkler, sewage, electrical, gas, life safety, water supply or steam system, foundation, superstructure, structural roof, roofing membrane, exterior walls, and other structural members and parts of the Building, all ordinary maintenance of the exterior portions of the Building such as painting and/or washing the exterior walls and windows, maintaining the exterior portions of the Building, polishing or waxing any exterior components, cleaning and maintaining sidewalks adjacent to the Building, rubbish removal and all interior maintenance, repair and replacement, including, without limitation, the replacement of fluorescent and other lighting (e.g., light bulbs, ballasts) and furnishing of all restroom supplies, and pest control. In addition, Landlord shall provide, for the use by Tenant and its customers, agents, employees, assignees, subtenants, licensees and invitees during Tenant's normal business hours (7:00 a.m. - 6:00 p.m.) Monday through Friday, excluding County holidays), building utility services and elevators and building maintenance personnel who shall, at the option of Landlord, be either on duty in the Building or reasonably available to the Tenant and capable of promptly performing the services or work required. If any service or maintenance requested by Tenant cannot reasonably be completed by Landlord's on duty building maintenance personnel, Landlord shall have thirty (30) days after notice from Tenant to perform its obligations under this Section 5.1, except that Landlord shall perform its obligations immediately if the nature of the problem presents a hazard or emergency or substantially interferes with Tenant's use of the Premises. If Landlord does not perform its obligations within the time limitations in this Section 5.1, Tenant may perform the obligations and shall have the right to be reimbursed for the sum Tenant actually expends in the performance of Landlord's obligations. If Landlord does not reimburse Tenant within fifteen (15) days after demand from Tenant, Tenant shall have the right to withhold from future Rent due the sum Tenant has expended until Tenant is reimbursed in full.

5.2 Maintenance by Tenant. Tenant shall be responsible for the maintenance, including repair and/or replacement desired by Tenant, of its interior signs, furnishings, trade fixtures installed by or on behalf of Tenant, and other personal property used in connection with the Premises. Tenant shall not be responsible for any of the items that are Landlord's responsibilities under this Lease.

## ARTICLE 6

### UTILITIES AND SERVICES

6.1 Landlord to Provide Utilities. Landlord shall provide and pay for electricity service for ordinary lighting and business machines (such as typewriters, adding machines, faxes, printers, and computer terminals), gas, water, sewer, and heat and air conditioning (in the customary periods of the year and during the customary hours (i.e., 7:00 a.m. to 6:00 p.m., Monday through Friday, excluding County holidays), all in reasonable amounts not to exceed the capacities of the utility systems serving the Premises making delivery to Tenant, such amounts not to be less than the amounts being used upon the commencement of this Lease plus Tenant's anticipated growth.

6.2 Failure to Furnish Utilities. Except as hereinafter provided, Landlord shall not be liable for any failure to furnish any of such services or utilities when such failure is caused by strikes, lockouts, other labor troubles or other conditions beyond Landlord's reasonable control (financial inability excepted), and Tenant shall not be entitled to any damages nor shall any such failure relieve Tenant of the obligation to pay Rent, or constitute or be construed as a constructive or other eviction of Tenant. Notwithstanding the foregoing, Rent of any kind provided in this Lease shall be equitably abated in the event Landlord, for whatever reason, is unable to supply any of the Building's sanitary, electrical, heating, air conditioning, water or other systems serving the Premises for a period of twenty-four (24) hours or more, unless the damage or defective condition relating to failure of such systems is caused by: (a) Tenant, its employees, licensees or invitees; or (b) strike, lockout or other labor troubles; or (c) other conditions beyond Landlord's reasonable control (financial inability excepted). If the damage or defective condition is caused by one of the above three listed reasons, then the amount of such abatement shall be agreed upon by Landlord and Tenant or, in the event Landlord and Tenant are unable to agree on such abatement, the amount shall be determined in an arbitration proceeding (pursuant to the terms of Article 23) according to the extent to which such unavailability interferes with Tenant's normal business operations on the Premises. If Landlord's failure to furnish any such services or utilities to the Premises or to supply any of the Building's sanitary, electrical, heating, air conditioning, water or other systems serving the Premises for any period of time is caused by any negligence or willful act of Landlord, or Landlord's agents or contractors, there shall be an immediate abatement of Rent for the period of such failure or lack of supply. In the event of any stoppage or interruption of services, Landlord shall use commercially reasonable and diligent efforts to restore said services as soon as possible. Tenant, however, shall have the right, at its option, to terminate this Lease if any such stoppage or interruption of said services continues for any reason for more than fourteen (14) consecutive days.

6.3 Security Services. Subject to the terms and conditions of the Leasehold Improvement Agreement, Tenant shall have the right to install or have installed in the Premises, a card key access system or other security system.

6.4 Janitorial Services. County agrees to provide reasonable bonded cleaning service consistent with first class buildings for the Premises. Landlord covenants and agrees, at its sole cost and expense: (a) to comply with all present and future laws, orders and regulations of the Federal, State, County, municipal or other governing authorities, departments, commissions, agencies and boards regulating the collection, sorting, separation, and recycling of garbage, trash, rubbish and other refuse (collectively "trash"); (b) to comply with Tenant's recycling policy where it may be more stringent than applicable law; (c) to sort and separate trash and recycling into such categories as are provided by law or Tenant's sustainability practices; (d) that each separately sorted category of trash and recycling shall be placed in separate receptacles; and (e) that Landlord shall pay all costs, expenses, fines, penalties or damages that may be imposed on Landlord or Tenant by reason of Landlord's failure to comply with the provisions of this Section 6.4.

6.5 Operating Expense Increases. Tenant shall not be required to pay any operating expense or pass-through of any kind.

## ARTICLE 7

### ALTERATIONS AND IMPROVEMENTS

During the term of this Lease, Tenant shall make no alterations, installations, additions, or improvements to the Premises costing more than Twenty Thousand and 00/100 Dollars (\$20,000.00) without submitting to Landlord plans and specifications therefor and obtaining Landlord's written consent, which consent will not be unreasonably withheld or delayed. Landlord, without any cost to itself, shall cooperate with Tenant in securing building and other permits and authority necessary from time to time for any work permitted under this Lease. Tenant may at any time remove any equipment and trade fixtures installed by or on behalf of Tenant in the Premises. Improvements made by Tenant at any time to the Premises during the term of this Lease shall be and remain the property of Tenant.

## ARTICLE 8

### PARKING

Included in Tenant's rental herein is the right of Tenant's employees, contractors, agents, customers and invitees to use three (3) on-site parking spaces per 1,000 SF leased (i.e., 22 spaces) on an unreserved basis and accessible to Tenant, 24 hours per day, seven (7) days per week, in the parking area associated with the Building, as depicted in Exhibit B. In the event Landlord installs a system of charging for parking in the parking area, Landlord shall establish and make available to Tenant no-charge validations issued to Tenant's employees, contractors, agents, customers and invitees for the use of such parking to the extent of said parking spaces in the parking area. Landlord reserves the right to grant similar nonexclusive rights to other tenants; to promulgate reasonable rules and regulations relating to the use of the parking area; and to make changes in the parking layout from time to time, provided such changes comply with all Laws and Orders and do not adversely affect Tenant's ability to utilize said (22) parking spaces.

## ARTICLE 9

### INSURANCE AND INDEMNITY

9.1 Fire and Extended Coverage Insurance. Landlord and Tenant shall maintain insurance as described in Exhibit E, which is attached hereto and incorporated herein by this reference.

9.2 Indemnity.

9.2.1 Indemnification of Landlord. Tenant agrees to indemnify Landlord against and save Landlord harmless from any and all loss, cost, liability, damage and expense, including, without limitation, reasonable attorneys' fees and costs that may be asserted by any party and incurred in connection with or arising from: (a) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed; (b) the use or occupancy or manner of use or occupancy of Tenant; (c) the condition of the Premises related to Tenant's duties under this Lease, except to the extent caused by the negligence or willful misconduct of Landlord or related to the duties of Landlord under this Lease; or (d) any acts, omissions or negligence of Tenant or of the contractors, agents, employees, visitors or licensees of Tenant in, on or about the Premises or the Building. Tenant's obligations under this Section 9.2.1 shall survive the termination of the Lease.

9.2.2 Indemnification of Tenant. Landlord agrees to indemnify Tenant against and save Tenant harmless from any and all loss, cost, liability, damage and expense, including, without limitation, reasonable attorneys' fees and costs that may be asserted by any party and incurred in connection with or arising from: (a) any default by Landlord in the observance or performance of any of the terms, covenants or conditions of this Lease on Landlord's part to be observed or performed; (b) the use or occupancy or manner of use or occupancy of the Building by Landlord or any person or entity claiming through or under Landlord, except Tenant; (c) the condition of the Building or any occurrence in the Building from any cause whatsoever except to the extent caused by the negligence or willful misconduct of Tenant; or d) any acts, omissions or negligence of Landlord or of the contractors, agents, employees, visitors or licensees of Landlord in, on or about the Building or Premises, or related to the design or construction of the Building or the Premises. Landlord's obligations under this Section 9.2.2 shall survive the termination of the Lease.

## ARTICLE 10

### DESTRUCTION AND UNTENANTABILITY OF PREMISES

10.1 Loss -- Insured or Uninsured. Subject to the options to terminate hereinafter provided in this Article 10, if during the Lease Term, the Building or any portion thereof is damaged by fire, earthquake or other casualty or peril, Landlord shall with all due diligence (upon receipt of insurance proceeds) repair or rebuild the Building and the Premises to the condition at least equal to that existing immediately prior to said damage. In connection therewith, Landlord shall use any such insurance proceeds for such purpose, together with any insurance proceeds received by Tenant by reason of insurance on improvements made by it in excess of the actual amount needed to replace or restore Tenant's improvements, fixtures and equipment, provided that any such proceeds received by Tenant shall be used only for the replacement or restoration of Tenant's

improvements, fixtures and equipment. If, by reason of the provisions of any mortgage or deed of trust executed by Landlord encumbering the Building, insurance proceeds are required to be made payable to the lienholder and/or the policies of insurance placed in its custody, Tenant hereby consents thereto, provided that the lienholder in question shall first agree in writing with Landlord to make the proceeds of said insurance available for the repair and restoration of the Building.

10.2 Major Damage. For purposes of this Article 10, "major damage" to the Building resulting from fire, earthquake or any other casualty or peril is defined as damage to such extent that the estimated cost of full repair of such damage is greater than fifty percent (50%) of the then full replacement value of the Building as required for purposes of the then existing insurance policies provided for in Article 9. Any other damage to the Building from any such casualty or risks shall be deemed to be "non-major."

10.3 Tenant's Option to Terminate in Certain Events. If during the Lease Term the Building or any portion thereof receives damage to such an extent that the cost to repair the damage exceeds twenty percent (20%) of the then full replacement value of the Building and the effect of which is to render the Premises untenable, in Tenant's opinion, for continued occupancy for a period of one hundred twenty (120) days or more, then Tenant shall have the option to terminate this Lease upon thirty (30) days' notice to Landlord.

10.4 Landlord's Option to Terminate in Event of Major Damage to Building. If during the Lease Term the Building or any portion thereof receives major damage, Landlord shall have the option to terminate this Lease on sixty (60) days' written notice to Tenant, provided that Landlord also terminates the leases of all other tenants of the Building, in which event proration of Rent shall be made to be effective upon the date of such major damage, and Landlord shall have no further obligations to Tenant. Notwithstanding the foregoing, Landlord shall have the absolute obligation to rebuild the Building after major damage in the manner set forth in Section 10.1 if either (a) the insurance proceeds are sufficient to pay for such rebuilding and Tenant does not elect to terminate this Lease pursuant to Section 10.3 above, or (b) Tenant gives notice, in writing, prior to the expiration of the 60-day period set forth above, that it desires to have the Building, or so much thereof as may be necessary to constitute a complete architectural unit, restored to a condition that will provide Tenant with suitable facilities, satisfactory in Tenant's sole opinion for its continued use of the Premises, and that Tenant will supply any additional funds, if any, that may be necessary, in addition to any insurance proceeds, to pay for such partial rebuilding. If Tenant gives such notice to Landlord, Tenant and Landlord shall each agree upon the plans and specifications for such rebuilding, the cost thereof, and the method by which Tenant shall supply to Landlord the additional funds necessary for such rebuilding, and the Rent necessary for such rebuilding, and the Rent paid by Tenant shall be equitably reduced in accordance with its contribution of additional funds toward such rebuilding by amortizing such contribution over the then remaining Lease Term. If Landlord and Tenant are unable to agree on any aspect of such rebuilding, the matter shall be submitted to arbitration in accordance with the provisions of Article 23.

10.5 Proration. In the event of termination pursuant to the provisions of this Article 10, Tenant shall surrender to Landlord possession of the Premises and shall pay to Landlord any Rent hereunder accruing to the date of such damage.

10.6 Abatement of Rent. In the event that after any damage or destruction this Lease is not terminated in accordance with its provisions, Rent shall be equitably prorated and abated

during the period commencing with the date of the casualty and continuing until such repairs are completed in the proportion that the Rent of the part usable by Tenant for the normal operation of Tenant's business on the Premises bears to the rental of the total space then leased by Tenant, taking into consideration the rental rate per Rentable Square Foot for the space for which the proration is made and any adverse effects and disruptions to Tenant's business caused during the period of such repairs.

## ARTICLE 11

### EMINENT DOMAIN

11.1 Appropriation. In the event of any taking of or damage to all or any part of the Building or Premises, including any interest therein or appurtenant thereto, by reason of any exercise of the power of eminent domain, whether by a condemnation proceeding, inverse condemnation or otherwise, or in the event of any transfer, conveyance, or sale of all or any part of the Building or Premises, including any interest therein, or appurtenant thereto made in lieu of an exercise of the power of eminent domain (all of the foregoing being hereinafter referred to as "appropriation") prior to or during the Lease Term, the rights and obligations of Landlord and Tenant with respect to such appropriation, each time there is an instance of such appropriation, shall be governed by the provisions of this Article 11.

11.2 Date of Appropriation. For the purposes of this Article 11, the date of appropriation shall be the date upon which the condemning authority takes possession of all or any part of the Building or any interest therein or appurtenant thereto, or the date upon which Tenant is required by the condemning authority to commence vacating the Premises or any portion thereof, or any interest therein or appurtenant thereto, as a result of such appropriation, whichever date shall first occur.

11.3 Appropriation of All of the Building. In the event of appropriation of all of the Building, this Lease, subject to all provisions of this Article 11 pertaining to payments to be made, shall terminate as of the date of such appropriation.

#### 11.4 Appropriation of Less Than All of the Building or Premises.

11.4.1 General Provisions. Except as provided in this Section 11.4, in the event of appropriation of less than all of the Building or of the Premises, this Lease shall continue in full force and effect, except that, as to the portion of the Premises so appropriated, this Lease shall terminate as of the date of appropriation.

#### 11.4.2 Right to Terminate.

(i) If the appropriation shall render the Premises unavailable or unsuitable, in Tenant's sole opinion, to continue Tenant's normal use of the Premises, Tenant shall have the right to terminate this Lease. Exercise of such right by Tenant shall be made by written notice to Landlord on or before thirty (30) days after the date of Tenant's receipt of written notice of appropriation. Any such termination shall be effective as of the date of the appropriation.

(ii) Subject to the provisions of Section 11.4.5, in the event that fifty

percent (50%) or more of the rentable area of the Building (as it existed on the date of the appropriation) should become untenanted or unoccupied because the appropriation renders such space unavailable or untenanted, Landlord shall have the right to terminate this Lease, provided that Landlord also terminates the leases of all other tenants of the Building. Exercise of such right shall be made by notice to Tenant on or before thirty (30) days after the date of receipt of notice of appropriation.

11.4.3 Abatement of Rent. The Rent for the remainder of the Lease Term shall be prorated in the same proportion that part of the Premises usable by Tenant for the normal operation of its business bears to the total Premises immediately prior to the appropriation, taking into consideration the Lease rental rate per Rentable Square Foot for the space for which the proration is made. Rent shall also be abated for any portion of the Premises that is not appropriated but is rendered temporarily unusable by virtue of repairs or restoration necessitated by the appropriation of other space.

11.4.4 Restoration of Premises by Landlord. If this Lease is not terminated pursuant to Section 11.4.2 and subject to Section 11.4.5, Landlord will make any restoration of the remainder of the Building and the Premises necessitated by reason of the appropriation of less than all of the Building as promptly as reasonably practicable to as close to the same condition (as circumstances permit) as existed immediately prior to such appropriation.

11.4.5 Restoration of Premises with Tenant Funds. If Landlord would otherwise have the right to terminate this Lease pursuant to Section 11.4.2(ii), Landlord shall not have the right to terminate this Lease if Tenant, within thirty (30) days after receipt of notice from Landlord that Landlord has elected to terminate this Lease pursuant to Section 11.4.2(ii), notifies Landlord that Tenant desires to have the Building, or so much thereof as may be necessary to constitute a complete architectural unit, restored to a condition which will provide Tenant with suitable facilities in Tenant's sole opinion for its continued use of the Premises and that Tenant will supply any additional funds, if any, that may be necessary, in addition to the net amount of the award paid to Landlord under the provisions of Section 11.6, including severance damages (without offset for special benefits) after first deducting any and all amounts which constitute Tenant's share of the award pursuant to Section 11.6. In such event, Tenant and Landlord shall each agree upon the plans and specifications for such rebuilding, the cost thereof, and the method by which Tenant shall supply to Landlord the additional funds necessary for such rebuilding, and the Rent payable by Tenant shall be equitably reduced in accordance with its contribution of additional funds toward such rebuilding by amortizing such contribution over the then remaining Lease Term. If Landlord and Tenant are unable to agree on any aspect of such rebuilding, the matter shall be submitted to arbitration in accordance with the provisions of Article 23.

11.5 Amounts Payable by Reason of Termination. If this Lease is terminated pursuant to Section 11.4.2, the entire award (less any amounts separately awarded to Tenant under subsections (1) through (6) below, and less the reasonable expenses of Landlord and Tenant incurred in such appropriation proceedings which shall be paid to Landlord or Tenant, as applicable) made with respect to the appropriation shall be paid to Landlord; provided, however, Tenant and its representative shall have the right to participate in any negotiations with respect to the amount or allocation of such award. Payment from the award shall be made first to the senior mortgage holder on the Building in an amount necessary to repay its security interest and then Tenant shall have the right to make a separate claim in the condemnation proceedings and to share in the aggregate award which is paid by the condemnor or awarded by the court specifically for:

(1) the fair market value of the unexpired portion of the Lease Term and the option to extend the Lease Term pursuant to Section 2.6, as if such option was fully exercised by Tenant and including Tenant's right to terminate as set forth in Section 2.7) in excess of the Rent provided for herein, exclusive of any immovable trade fixtures or improvements; plus (2) any severance damages attributable to the unexpired Lease Term; plus (3) the taking of the unamortized or undepreciated value of any leasehold improvements owned by Tenant that Tenant has the right to remove at the end of the Lease Term and that Tenant elects not to remove; plus (4) reasonable removal and relocation costs for any leasehold improvements that Tenant has the right to remove and elects to remove (if condemnor approves the removal); plus (5) relocation costs under Government Code section 7262, the claim for which Tenant may pursue by separate action independent of this Lease; plus (6) any other amount in addition to the foregoing that does not reduce the amount of the award payable to the Landlord.

11.6 Damages if Lease Not Terminated. In the event of any appropriation of less than all of the Building or the Premises, if this Lease is not terminated pursuant to provisions of Section 11.4.2, the entire award made with respect to the appropriation shall be paid to Landlord; provided, however, Tenant and its representatives shall have the right to participate in any negotiations with respect to the amount or allocation of such award. All of such award shall be used first to reimburse Landlord and Tenant for costs incurred in such appropriation proceedings, then shall be used to repair or restore the Building as provided in this Article 11, and any remaining balance shall be allocated between Landlord and Tenant pro rata in accordance with Section 11.5.

11.7 Interest. Tenant shall be entitled to the share of any interest paid on any award to the extent the same is allocable to the amounts to which Tenant is entitled.

11.8 Abatement of Monetary Obligations of Tenant. In addition to any other abatement provided for in this Lease, all monetary obligations of Tenant hereunder shall be abated in an equitable amount based upon the interference with Tenant's normal business operations at the Premises commencing with the date of the appropriation and continuing during the period of any restoration and, in addition, for the remainder of the Lease Term to the extent that the Premises are not fully restored.

11.9 Proration and Refund of Payments. If this Lease is terminated pursuant to this Article 11, the Rent shall be prorated to the date of termination. Landlord shall repay to Tenant

any Rent paid by Tenant for any period beyond the date of termination to the extent same is in excess of amounts then owed by Tenant to Landlord.

11.10 Date of Payments. All payments due Tenant from Landlord by reason of an appropriation shall be paid to Tenant without prior notice or demand and on or before the expiration of a period of ten (10) days from the date on which the amount of the award is finally determined and Landlord obtains, or has the right to obtain, whichever shall first occur, such award. If Landlord shall fail to make any such payments to Tenant on or before the expiration of such ten (10) day period, in addition to any and all other remedies available to Tenant under this Lease or otherwise, Landlord shall be obligated to pay interest to Tenant on the unpaid amount of such payments at the maximum rate permitted by law.

## ARTICLE 12

### COMPLIANCE WITH LAWS

12.1 Definition of "Laws and Orders." For purposes of this Article 12, the term "Laws and Orders" includes all Federal, State, county, city, or government agency laws, statutes, ordinances, standards, rules, requirements, or orders now in force or hereafter enacted, promulgated, or issued which are applicable to the Premises, the Building and the Real Property. The term also includes government measures regulating or enforcing public access or occupational or health or safety standards for employers, employees, landlords, or tenants (including, without limitation, tenants that are public entities).

12.2 Compliance with Laws and Orders. Throughout the term of this Lease, Landlord, at Landlord's sole expense, shall comply with all Laws and Orders with respect to the Building. Landlord shall promptly make all repairs, replacements, alterations, or improvements needed to comply with all Laws and Orders. In addition, Landlord, shall comply with the provisions stated in **Exhibit G**, attached hereto.

12.3 Rent Abatement. Subject to Subsection 20.2, Tenant's Rent shall be abated while Tenant's use and enjoyment of the Premises is disrupted by any work required by Section 12.2, provided Tenant is not actually using the space.

12.4 Certified Access Specialist Disclosure. Pursuant to California Civil Code Section 1938, the subject property has not been inspected by a "Certified Access Specialist". A Certified Access Specialist (CASp) can inspect the subject Premises and determine whether the subject Premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject Premises, the commercial property owner or Landlord may not prohibit the Tenant from obtaining a CASp inspection of the subject Premises for the occupancy or potential occupancy of the Tenant, if requested by the Tenant.

## ARTICLE 13

### SURRENDER

Tenant covenants that on the last day of the term or on the last day of a renewal or extension of this Lease, it will peaceably and quietly leave and surrender the Premises in as good condition as they now are, ordinary wear and tear, repairs and replacements required to be made by Landlord, loss by fire, casualty and causes beyond Tenant's control, and alterations, additions and improvements herein permitted, excepted.

## ARTICLE 14

### SUBORDINATION

This Lease may, at the option of Landlord, be made subordinate to any first mortgage or first deed of trust now or hereafter placed upon or affecting the real property of which the Premises form a

part, and to all renewals, modifications, replacements and extensions thereof; provided that as a condition of such subordination, and only if: (a) such mortgage or deed of trust shall contain a covenant which shall permit the proceeds of all insurance policies covering the Building, improvements, equipment and/or appurtenances thereto, whether such proceeds are to be held by Landlord or the first mortgagee or beneficiary, to be paid and/or made available for repair, replacement and rebuilding as provided in this Lease; and (b) a separate written agreement is entered into by the mortgagee named in any such mortgage, or by the trustee and the beneficiary named in any such deed of trust, and is recorded simultaneously with said mortgage or deed of trust, providing that notwithstanding any default in the mortgage or deed of trust and any foreclosure thereof, or the enforcement by the holder thereof of any rights or remedies, including sale thereunder, or otherwise, this Lease shall be recognized, remain in full force and effect, and the Tenant shall be permitted to remain in quiet and peaceful possession of the Premises throughout the term thereof, and any extension or renewal thereof, as long as Tenant shall not be in default under this Lease, or, if Tenant is in such default, as long as Tenant's time to cure such default shall not have expired. Such agreements shall be materially in the forms of **Exhibit F** attached hereto. If Tenant has received the subordination nondisturbance agreement and estoppel certificate in the form(s) attached hereto as **Exhibit F**, Tenant shall, within thirty (30) days after Landlord's request, execute any further instruments or assurances in recordable form that Landlord reasonably considers necessary to evidence or confirm the subordination or superiority of this Lease to any such encumbrances or underlying leases. Such subordination instrument(s) shall be strictly limited to matters contained in the nondisturbance agreement and estoppel certificate, and no such instruments may increase any of Tenant's obligations or decrease any of Tenant's rights under this Lease. Tenant's failure to execute and deliver such instrument(s) shall constitute a default under this Lease only if Landlord has first delivered the nondisturbance agreement and estoppel certificate required hereunder to Tenant.

## ARTICLE 15

### TRANSFER OF TENANT'S INTEREST

Tenant shall have the right at any time and from time to time to assign or otherwise transfer all or any part of Tenant's interest in this Lease and to sublet the Premises, or any part thereof, provided that: (a) any assignment or subletting shall provide that the assignee or sublessee acknowledges the terms of the Lease, and agrees to carry out and perform all of the terms and conditions of this Lease on the part of Tenant to be carried out and performed; (b) an executed copy of the assignment or subletting shall be delivered to Landlord; (c) the proposed use is consistent with the Permitted Use provisions of this Lease governing such matters; and (d) Landlord has provided its written consent, which consent shall not be unreasonably withheld in the reasonable opinion of Landlord, and the proposed new tenant has the financial strength to support the obligations imposed by the Lease. Upon any assignment of Tenant's entire interest in this Lease, Tenant shall be released from any further liability with respect thereto upon the written consent of Landlord, which consent shall not be unreasonably withheld. Landlord's consent shall be deemed to have been given if within thirty (30) days of notice of assignment to Landlord, Landlord fails to object to the new tenant by written notice to Tenant, stating in detail the reasons for such objection. Notwithstanding the foregoing, Tenant shall have the right at any time and from time to time without notice to Landlord to assign or otherwise transfer all or any part of Tenant's interest in this Lease, or to sublet the Premises, or any part thereof, to any entity that is affiliated with Tenant.

## ARTICLE 16

### QUIET ENJOYMENT AND TITLE

Landlord covenants and represents that it has full right and power to execute and perform this Lease and to grant the estate demised herein, and covenants that Tenant on paying the Rent herein reserved and performing the covenants hereof shall peaceably and quietly have, hold and enjoy the Premises and all appurtenances during the full term of this Lease or any extension or renewal thereof, and further covenants and represents that Landlord has a fee simple interest in the Premises. Landlord further covenants and represents that it will stand so seized on the first day of the Lease Term and will then place Tenant in actual possession of the Premises with the improvements thereon and the appurtenances thereto all in conformity with law and in a safe, clean and tenantable condition and in good order and repair.

## ARTICLE 17

### ENVIRONMENTAL REPRESENTATIONS

17.1 Definition of "Hazardous Material." As used in this Article 17, the term "Hazardous Material" shall mean any hazardous or toxic substance, material, or waste that is or becomes regulated by the United States, the State of California, or any local government authority having jurisdiction over the Building. Hazardous Material includes:

(a) Any "hazardous substance," as that term is defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) (42 United States Code sections 9601-9675);

(b) "Hazardous waste," as that term is defined in the Resource Conservation and Recovery Act of 1976 (RCRA) (42 United States Code sections 6901-6992k);

(c) Any pollutant, contaminant, or hazardous, dangerous, or toxic chemical, material, or substance, within the meaning of any other applicable Federal, State or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders imposing liability or standards of conduct concerning any hazardous, dangerous, or toxic waste, substance, or material, now or hereafter in effect);

(d) Petroleum products;

(e) Radioactive material, including any source, special nuclear, or byproduct material as defined in 42 United States Code sections 2011-2297g-4;

(f) Asbestos in any form or condition; and

(g) Polychlorinated biphenyls (PCBs) and substances or compounds containing PCBs.

Notwithstanding the foregoing, Hazardous Materials shall not include limited quantities of standard office, building and janitorial supplies reasonably necessary in connection with Tenant's use and

operation of the Premises, provided that such materials are used, stored or disposed of in accordance with applicable Hazardous Substance Laws.

17.2 Compliance with Laws. Landlord represents and warrants to Tenant that to the best of Landlord's actual knowledge, at the commencement of the Lease, the Premises, the Building and the Real Property are in compliance with all Federal, State and local laws, regulations and standards relating to the use, occupancy, production, storage, sale, disposal, or transportation of any Hazardous Materials ("Hazardous Substance Laws").

17.3 Right of Offset. With respect to Tenant's obligations to pay Rent under the Lease, Tenant may, upon fifteen (15) days' written notice to Landlord, offset payment of Rent to Landlord for costs and expenses incurred by Tenant for any breach of Landlord's representations and warranties set forth in this Article 17.

17.4 Termination of Lease. In the event that Hazardous Materials are found to be present on the Premises, the Building or the Real Property through no fault of Tenant and such that the Premises, the Building and/or the Real Property are not in compliance with Hazardous Substance Laws, Tenant may, upon thirty (30) days' written notice to Landlord, terminate this Lease.

17.5 Indemnification. Landlord shall indemnify, defend with counsel reasonable and acceptable to Tenant, and hold Tenant fully harmless from any and all liabilities, damages, claims, penalties, fines, settlements, causes of action, cost or expense, including reasonable attorneys' fees, environmental consultant fees and laboratory fees and costs and expenses of investigating and defending any claims or proceedings resulting from or attributable to: (a) the presence, disposal, release or threatened release of any Hazardous Materials that are on, from or affecting the Premises, the Building or the Real Property, including, without limitation, the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (b) any personal injury (including wrongful death), or property damage (real or personal) arising out of or relating to any Hazardous Materials; (c) any lawsuits or administrative action brought or threatened, settlement reached or governmental order relating to any Hazardous Materials; or (d) any violation of any laws applicable to any Hazardous Materials.

17.6 Survival. Landlord's indemnification obligations under Section 17.5 above shall survive the expiration or sooner termination of this Lease.

17.7 Notices. The parties shall give each other written notice within three (3) calendar days after the date on which either party learns or first has reason to believe that: (a) there has or will come to be located on or about the Premises, the Building or the Real Property any Hazardous Materials; (b) any release, discharge or emission of any Hazardous Materials that has occurred on or about the Premises, the Building or the Real Property; (c) any (i) enforcement, cleanup, removal or other governmental or regulatory action has been threatened or commenced against Landlord or with respect to the Premises, the Building or the Real Property pursuant to any Hazardous Substances Laws; or (ii) any claim has been made or threatened by any person or entity against Landlord, Tenant, or the Premises, the Building or the Real Property on account of any alleged loss or injury claimed to result from the alleged presence or release on the Premises, the Building or the Real Property of any Hazardous Materials; or (iii) any report, notice, or complaint has been made to or filed with any governmental agency concerning the presence, use or disposal of any

Hazardous Materials on the Premises, the Building or the Real Property. Any such notice shall be accompanied by copies of any such claim, report, complaint, notice, warning or other communications that is in the possession of or is reasonably available to such party.

17.8 Audits. Landlord shall, upon completion of any environmental sampling and testing of the Premises, the Building or the Real Property, the surrounding soil in any adjacent areas, any groundwater located under or adjacent to the Premises, the Building or the Real Property, and/or adjoining property, provide Tenant with copies of all reports of the results of such environmental audit.

17.9 Clean-Up. If Landlord is responsible for the clean-up of any contamination of the Premises, the Building or the Real Property, Landlord shall carry out and complete, at its own cost and expense, any repair, closure, detoxification, decontamination, or other cleanup of the Premises, the Building or the Real Property required by Hazardous Substance Laws. Should Landlord fail to implement and diligently pursue any such clean-up promptly upon receipt of notice thereof, then Tenant shall have the right, but not the obligation, to carry out such clean-up, and to recover all of the costs and expenses thereof from Landlord as a set-off against rental payments under the Lease if Tenant elects to cure.

## ARTICLE 18

### INSPECTION AND ENTRY BY OWNER

Landlord and its agents shall have the right at any reasonable time and upon at least twenty-four (24) hours' notice to Tenant, to enter upon the Premises so long as it does not interfere with the business activities of Tenant on the Premises, for the purpose of inspection, serving or posting notices, maintaining the Premises, making any necessary repairs, alterations or additions to any portion of the Premises to the extent required or permitted to Landlord under this Lease.

## ARTICLE 19

### NOTICE

19.1 Notices. All notices (including requests, demands, approvals, or other communications) unless otherwise set forth in this Lease, under this Lease shall be in writing.

19.1.1 Method of Delivery. Notice shall be sufficiently given for all purposes as follows:

- (a) When personally delivered to the recipient, notice is effective on delivery.
- (b) When mailed first class to the last address of the recipient known to the party giving notice, notice is effective on delivery.
- (c) When mailed by certified mail with return receipt requested, notice is effective two (2) days following mailing.
- (d) When delivered by overnight delivery with charges prepaid or charged to the

sender's account, notice is effective on delivery.

(e) When sent by e-mail, telex or fax to the last telex or fax number of the recipient known to the party giving notice, notice is effective on transmission as long as (1) a duplicate copy of the notice is promptly given by certified mail, return receipt requested, or by overnight delivery or (2) the receiving party delivers a written confirmation of receipt. Subject to the foregoing requirements, any notice given by telex or fax shall be considered to have been received on the next business day if it is transmitted after 5 p.m. (recipient's time) or on a non-business day.

19.2 Refused, Unclaimed, or Undeliverable Notices. Any correctly addressed notice that is delivered pursuant to Section 19.1.1(b) or (d) is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be considered to be effective as of the first date that the notice was refused, unclaimed, or considered undeliverable by the postal authorities, messenger, or overnight delivery service.

19.3 Addresses. Addresses for purposes of giving notice are set forth below:

“Tenant”            **COUNTY OF SONOMA**  
Facilities Development & Management  
Attn: Real Estate Manager  
2300 County Center Drive, Suite A220  
Santa Rosa, California 95403  
Fax No. 707-565-3240

With a copy to:

**COUNTY OF SONOMA**  
Board of Supervisors  
Attn: 1<sup>st</sup> District Supervisor  
575 Administration Drive  
Santa Rosa, California 95403  
Fax No. 707-\_\_\_-\_\_\_

“Landlord”            **GARY D. NELSON and MARCIA L. NELSON, TRUSTEES OF THE  
GARY D. NELSON AND MARCIA L. NELSON FAMILY TRUST**  
3669 Pawnee Pass South  
Lakeway, Texas, 78734  
Email: [GNelson@Nelsonhr.com](mailto:GNelson@Nelsonhr.com)

## ARTICLE 20

### DEFAULTS; REMEDIES

20.1 Landlord's Default. Landlord shall be in default of this Lease if Landlord fails or refuses to perform any provisions of this Lease that Landlord is obligated to perform if the failure to perform is not cured within thirty (30) days after notice of default has been given by Tenant to Landlord, or such shorter period if specified in this Lease. If the default cannot reasonably be cured within thirty (30) days, Landlord shall not be in default of this Lease if Landlord commences to cure

the default within the thirty (30) day period and diligently and in good faith prosecutes such cure to completion.

**20.2 Tenant's Remedies on Landlord's Default.** Tenant, at any time after Landlord commits a material default, may terminate this Lease or may cure the default at Landlord's cost. If Tenant at any time, by reason of Landlord's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Tenant shall be due from Landlord to Tenant within thirty (30) days of written notice that the sum was paid, and if paid at a later date shall bear interest at the maximum rate the Tenant is permitted by law to charge from the date the sum is paid by Tenant until Tenant is reimbursed by Landlord. If Landlord fails to reimburse Tenant as required by this paragraph, Tenant shall have the right to withhold from future Rent due the sum Tenant has paid until Tenant is reimbursed in full for the sum and interest on it. The remedies set forth in this Section 20.2 are in addition to and do not in any manner limit other remedies set forth in particular paragraphs of this Lease. In the event Landlord disputes that it is in default, Landlord shall have the right to initiate an arbitration proceeding in accordance with Article 23 except that the arbitrator shall be appointed by the presiding judge of the Sonoma County Superior Court and once appointed each side shall have five (5) business days to submit written statements and supporting documents to the arbitrator.

**20.3 Tenant's Default.** The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

(a) The vacating for more than thirty (30) consecutive days or abandonment of the Premises by Tenant;

(b) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, including the payment of Rent, where such failure shall continue for a period of thirty(30) days after written notice is given by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty(30) day period and thereafter diligently prosecutes such cure to completion. The purpose of this notice requirement is to extend the notice requirements of the unlawful detainer statutes of California.

**20.4 Landlord's Remedies on Tenant's Default.** In the event of any default by Tenant which is not cured by Tenant, Landlord may terminate this Lease by giving Tenant thirty (30) days notice of termination. The purpose of this notice requirement is to extend the notice requirement of the unlawful detainer statutes of California. On termination of the Lease for default pursuant to this Section 20.4, Landlord shall have the right to recover from Tenant only the following amounts for any and all damages which may be the direct or indirect result of such default:

(a) The worth, at the time of the award, of the unpaid Rent that has been earned at the time of termination of this Lease;

(b) The worth, at the time of the award, of the amount by which the unpaid Rent that would have been earned after the date of termination of this Lease until the time of award exceeds the amount of the loss of Rent that Landlord proves could not have been reasonably avoided;

(c) The worth, at the time of the award, of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of the loss of Rent that Landlord proves could not have been reasonably avoided; and

(d) Any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default which Landlord proves could not have been reasonably avoided;

(e) Landlord shall have the option provided in Civil Code section 1951.4, which provides that, when a tenant has the right to sublet or assign (subject to reasonable limitations), the landlord may continue the lease in effect after the tenant's breach and/or abandonment and recover rent as it becomes due. Accordingly, if Landlord does not elect to terminate the Lease on account of any default by Tenant, Landlord may enforce all of Landlord's rights and remedies under this Lease, including the right to recover all Rent as it becomes due.

"The worth, at the time of the award," as used in "(a)" and "(b)" of this Section 20.4, is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge. "The worth, at the time of the award," as referred to in "(c)" of this Section 20.4, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%).

## ARTICLE 21

### SIGNAGE

Upon the commencement of this Lease, Landlord shall provide: (a) signage consistent with the existing signage program for the Building reasonably acceptable to Tenant (in conformance with all Laws and Orders (as defined in Article 12), that will include (b) signage in the lobby directory, (c); and (d) main entry door signage. The cost of the signage and lettering shall be Landlord's responsibility. The cost of the signage and lettering shall be chargeable to the tenant improvement allowance described in Exhibit C.

## ARTICLE 22

### BROKERAGE

Neither party has had any contact or dealings regarding the Premises or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who can claim a right to a commission or finder's fee as a procuring cause of the Lease contemplated herein, except for **Landlord's broker, Jones Lang LaSalle Inc. (in c/o Laura Duffy); and Tenant's broker, Compass (in c/o Jeff Lokey)**, whose commission, if any is due, shall be the responsibility of Landlord. In the event that any other broker or finder perfects a claim for a commission or finder's fee based upon any such contract, dealing or communication, the party through whom the broker or finder makes his or her claim shall be responsible for said commission or fee and all costs and expenses (including reasonable attorneys' fees) incurred by the other party in defending against the same.

## ARTICLE 23

### DISPUTE RESOLUTION

23.1 Arbitration of Disputes. Any dispute that is required by the express terms of this Lease to be resolved by arbitration shall be resolved by neutral binding arbitration before a panel of three (3) arbitrators unless otherwise agreed, to be held in accordance with the commercial/real estate arbitration rules of the American Arbitration Association. Judgment on the award rendered by the arbitrator(s) may be entered in any Court having jurisdiction over the dispute.

23.1.1 Qualifications of Arbitrators. The arbitrators shall be real estate appraisers, licensed in the State of California, familiar with handling commercial lease matters.

23.2 Venue. Hearings shall be held in Santa Rosa, California, or another venue determined by mutual agreement of the parties.

23.3 Demand and Limitation on Claims. Any demand for arbitration must be made in writing to the other party and to the American Arbitration Association. No demand for arbitration may be made after the date on which the institution of legal proceedings based on the claim, dispute, or other matter is barred by the applicable statute of limitations.

23.4 Provisional Remedies. The parties shall each have the right to file with a court of competent jurisdiction an application for temporary or preliminary injunctive relief, writ of attachment, writ of possession, temporary protective order, or appointment of a receiver if the arbitration award to which the applicant may be entitled may be rendered ineffectual in the absence of such relief or if there is no other adequate remedy. This application shall not waive a party's arbitration rights under this Lease.

23.5 Powers and Duties of Arbitrators. The arbitrators shall have the power to grant legal and equitable remedies, and award damages, that may be granted or awarded by a judge of the Superior Court of the State of California. The arbitrators shall prepare and provide to the parties a written decision on all matters subject to the arbitration, including factual findings and the reasons that form the basis of the arbitrators' decision. The award of the arbitrators shall be mailed to the parties no later than thirty (30) days after the close of the arbitration hearing. The arbitration proceedings shall be reported by a certified shorthand court reporter. Written transcripts of the proceedings shall be prepared and made available to the parties.

23.6 Discovery. The parties shall have the right to discovery in accordance with Code of Civil Procedure Sections 1283.05 and 1283.1 as long as the arbitrators' permission shall not be required to take a discovery deposition and neither party may take more than three depositions nor more than one set of interrogatories or requests for admissions without the approval of the other party or the arbitrators. All discovery disputes shall be resolved by the arbitrators.

23.7 Application of California Evidence Code. The provisions of the California Evidence Code shall apply to the arbitration hearing.

23.8 Costs and Fees of Arbitrators. Costs and fees of the arbitrators shall be borne by the non-prevailing party unless the arbitrators for good cause determine otherwise.

23.9 Attorney Fees. The prevailing party shall be awarded reasonable attorney fees, expert and non-expert witness expenses, and other costs and expenses incurred in connection with the arbitration, in accordance with Article 24.

## ARTICLE 24

### ATTORNEY FEES AND COSTS

If either party undertakes litigation or arbitration against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to recover from the other party reasonable attorney fees, arbitration costs, and court costs incurred. The prevailing party shall be determined under Civil Code Section 1717(b)(1) or any successor statute.

## ARTICLE 25

### MISCELLANEOUS

25.1 Word Usage. Unless the context clearly requires otherwise: (a) the plural and singular numbers shall each be considered to include the other; (b) the masculine, feminine, and neuter genders shall each be considered to include the others; (c) "shall," "will," "must," "agrees," and "covenants" are each mandatory; (d) "may" is permissive; (e) "or" is not exclusive; and (f) "includes" and "including" are not limiting.

25.2 Counting Days. Days shall be counted by excluding the first day and including the last day. If the last day is a Saturday, Sunday, or a legal holiday as described in Government Code Sections 6700-6701, it shall be excluded. Any act required by this Lease to be performed by a certain day shall be timely performed if completed before 5 p.m. local time on that date. If the day for performance of any obligation under this Lease is a Saturday, Sunday, or a legal holiday, the time for performance of that obligation shall be extended to 5 p.m. local time on the first following date that is not a Saturday, Sunday, or a legal holiday.

25.3 Waiver. The waiver by either party of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained.

25.4 Force Majeure-Specific Exceptions. Unless otherwise specified (including, without limitation Section 2.4), the time for performance of an obligation other than the payment of money under this Lease shall be extended for the period during which a party is prevented from performing by acts of God, government, or other force or event beyond the reasonable control of that party.

25.5 Binding on Successors. This Lease and all of the covenants, agreements, conditions and undertakings contained herein, shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the parties hereto.

25.6 Headings. The headings of the Articles and Sections hereof are for convenience only and shall not affect or be deemed to affect the meaning of any provisions hereof.

25.7 Entire Agreement. This Lease, including all exhibits, contains all of the terms,

covenants, conditions and agreements between Landlord and Tenant relating in any manner to the rental, use and occupancy of the Premises. No prior agreement or understanding pertaining to the same shall be valid or of any force or effect, and the terms, covenants, conditions and provisions of this Lease cannot be altered, changed, modified or added to, except in writing and signed by Landlord and Tenant. All references herein, directly or indirectly, to the term of this Lease shall also be deemed to include any extensions or renewals thereof provided Tenant herein, unless expressly provided to the contrary.

25.8 Governing Law. This Lease shall be governed exclusively by its express provisions and by the laws of the State of California, and any action to enforce the terms of the Lease or breach thereof shall be brought in Santa Rosa, California.

25.9 No Joint Venture. Nothing herein contained shall be deemed in any way or have any purpose whatsoever to constitute Landlord or Tenant a partner of the other in its business or otherwise, or a joint venturer or a member of a joint enterprise with the other.

25.10 Invalidity. If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and shall be enforced to the fullest extent permitted by law.

25.11 Construction of Lease. This Lease shall be strictly construed neither against Landlord nor Tenant, but shall be construed according to the fair meaning of its terms. No remedy or election given by any provision in this Lease shall be deemed exclusive unless so indicated, but each shall, wherever possible, be cumulative with all other remedies in law or equity as otherwise specifically provided. Whenever the context of any provision shall require it, the singular number shall be held to include the plural number, and vice versa, and the words "he", "his" or "him" if used with reference to Landlord shall be deemed to include the neuter or feminine gender of such pronoun. "Landlord" whenever used includes all grantors of the term, who shall be held bound jointly and severally hereby.

25.12 Signatures. This Lease may be executed in counterparts. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby agree and acknowledge and agree that facsimile signatures or signatures transmitted by electronic mail in so-called "pdf" format shall be legal and binding and shall have the same full force and effect as if an original of this Lease had been delivered.

## ARTICLE 26

### TELECOMMUNICATIONS EQUIPMENT

Installation of Telecommunications Equipment. Subject to Landlord's approval which shall not be unreasonably withheld, Tenant shall have the right to install, at Tenant's cost, a satellite dish or similar antennae on the roof of the Building as set forth in this Article 26. Tenant shall have the right to install, operate and maintain telecommunications equipment on or about the Premises, the Building and the roof of the Building. In installing the telecommunications equipment, Tenant shall adhere to industry standards for installation and workmanship, all work to be completed to

Landlord's reasonable satisfaction. Landlord reserves the right to have its roofing inspector supervise and review installation(s) to ensure the integrity of the roof structure is maintained. In addition, the installation of such equipment shall not cause damage to the Building and the use shall not result in excessive electrical use or diminish the rentable square footage of the Building. Tenant shall be responsible for procuring whatever consents, approvals, licenses or permits that may be required for the installation, use, operation and removal of Tenant's system. Tenant shall at all times and at Tenant's sole cost and expense be responsible for proper maintenance of the Telecommunications Equipment and all governmental permits and approvals required in connection therewith.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date.

“LANDLORD”: **GARY D. NELSON AND MARCIA L. NELSON,  
TRUSTEES OF THE GARY D. NELSON AND  
MARCIA L. NELSON FAMILY TRUST**

By: \_\_\_\_\_

By: \_\_\_\_\_

“TENANT”: **COUNTY OF SONOMA**, a political subdivision of  
the State of California

By: \_\_\_\_\_

Johannes J. Hoevertsz, Director  
Sonoma County Public Infrastructure

The Director of Sonoma County Public Infrastructure is authorized to execute this Lease,  
pursuant to the Board of Supervisors’ Action dated \_\_\_\_\_.

APPROVED AS TO FORM FOR TENANT:

\_\_\_\_\_  
Deputy County Counsel

RECOMMENDED FOR TENANT:

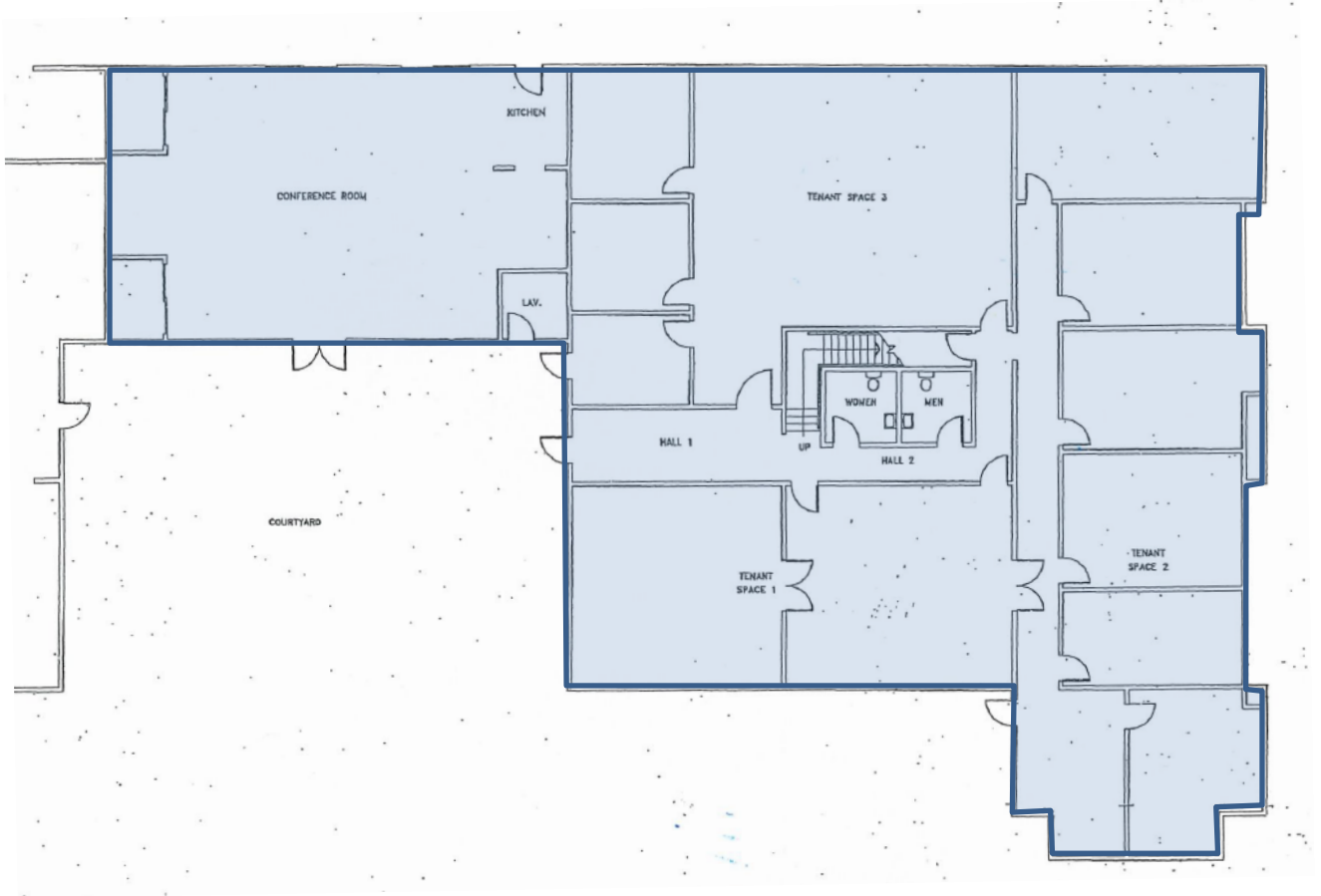
\_\_\_\_\_  
C. Warren Sattler, Real Estate Manager  
Public Infrastructure Department

CERTIFICATE OF INSURANCE ON FILE WITH DEPARTMENT:

Reviewed by: \_\_\_\_\_ Date: \_\_\_\_\_

**EXHIBIT A**

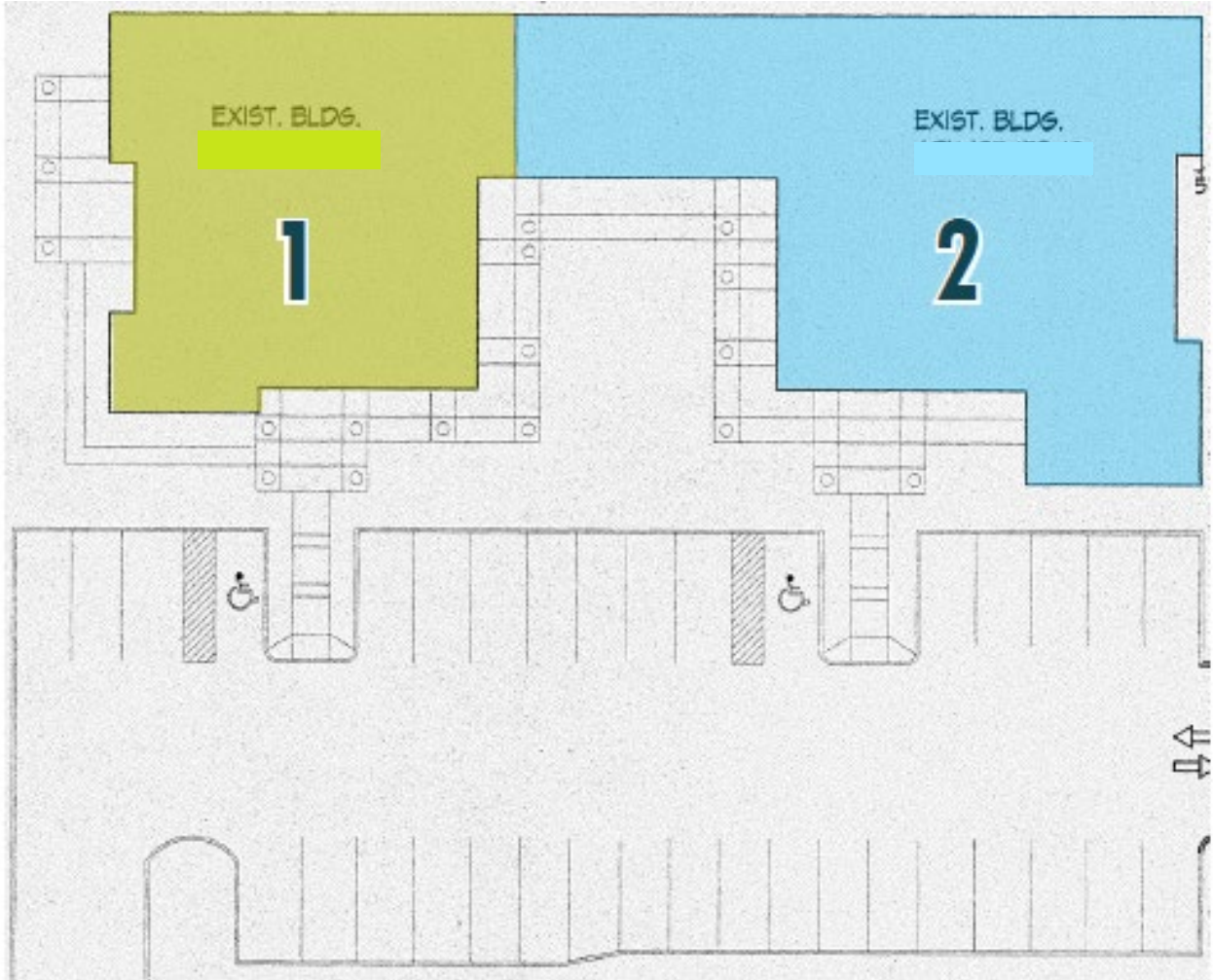
**PREMISES**



**19080 Lomita Avenue, 1<sup>st</sup> floor, Sonoma, CA**

**EXHIBIT B**

**SITE PLAN**



## EXHIBIT C

### LEASEHOLD IMPROVEMENT AGREEMENT

This Leasehold Improvement Agreement ("LIA") is dated for reference purposes only as \_\_\_\_\_ ("Effective Date"), and is made by and between **GARY D. NELSON AND MARCIA L. NELSON, TRUSTEES OF THE GARY D. NELSON AND MARCIA L. NELSON FAMILY TRUST** (hereinafter the "Landlord"), and the **COUNTY OF SONOMA**, a political subdivision of the State of California (hereinafter called "Tenant") as part of that certain Lease dated the same date as this LIA between them, affecting that real property commonly known as **19080 Lomita Avenue, 1<sup>st</sup> Floor**, located in the **City of Sonoma**, County of Sonoma, State of California. Capitalized terms used, but not otherwise defined, in this LIA shall have meanings ascribed to those terms in the Lease. The following provisions are added to the Lease and, in the event of conflict between this LIA and the Lease, this LIA shall prevail.

#### ARTICLE I DEFINITIONS

1.1 Definitions. Wherever used in this LIA, the following terms are defined as follows:

*Architect* means GMH Builders, Inc..

*Contractors* means the General Contractor and all other general contractors, design-build contractors, subcontractors, and material suppliers who provide labor and materials for construction of the Leasehold Improvements. Each Contractor shall be duly licensed by the State of California and in good professional standing.

*Construction Costs* means all costs incurred to complete the Leasehold Improvements, including, without limitation, the following:

- a. Payments to Contractors for labor, material, equipment, and fixture supplied pursuant to any construction contract entered into in accordance with this LIA;
- b. Fees paid to Designers for services required by this LIA;
- c. Taxes, fees, charges, and levies by governmental and quasi-governmental agencies for Permits or for inspections of the work;
- d. Utilities incurred in the course of the construction;
- e. Premiums for builder's risk insurance and other insurance required by this LIA;
- f. Cost incurred for the management and administration of the construction, including without limitation, wages, labor burden, and expediting, procurement, and administrative expenses; and
- g. Any and all other costs incurred to complete the Leasehold Improvements.

*Construction Documents* means this LIA and the Final Plans.

*Design and Construction Schedule* means the schedule for preparation, approval, disapproval, modification, and completion of the Final Plans and for obtaining Permits required for the Leasehold Improvements and for the commencement, prosecution, and Substantial Completion of all Leasehold Improvements, which schedule is attached to this LIA as **Attachment A**, and incorporated into the LIA by this reference.

*Designers* means the Architect and all other architects, structural engineers, mechanical engineers, and the other design professionals that are needed to design the Leasehold Improvements, each of whom shall be duly licensed by the State of California and in good professional standing.

*Final Plans* are those working drawings, plans, specifications, elevations, finishes and other documents, prepared by the Designers and approved by the parties in accordance with this LIA.

*General Contractor* means GMH Builders, Inc.

*Landlord's Representative* means Gary D. Nelson, or such other person as Landlord shall designate in writing to Tenant as its authorized representative for the purposes of administering this LIA. Landlord's Representative shall have no right to modify any term or conditions of this LIA or the Lease.

*Laws and Orders* shall have the meaning set forth in Section 12.1 of the Lease.

*Leasehold Improvements* means the improvements, modifications, and alterations to be constructed in or about the Premises in accordance with this LIA.

*Permits* means the permits, approvals, and consents of governmental authorities and third parties having jurisdiction over the Leasehold Improvements that are required for commencement and completion of the Leasehold Improvements, including without limitation, conditional use permits, building permits, sign permits and other permits.

*Punchlist* is defined in Section 5.2 of this LIA.

*Substantial Completion or Substantially Completed or Substantially Complete* is defined in Section 5.1 below.

*Scheduled Completion Date* means the scheduled date for Substantial Completion of the Leasehold Improvements as specified in Section 2.3 of the Lease.

*Tenant Delay* means any actual delay in the Substantial Completion of the Leasehold Improvements as a consequence of:

a. Tenant's failure to fulfill its obligation as set forth in the Design and Construction Schedule, or this LIA which is not cured within ten (10) days following written notice to Tenant of the default;

b. Change Orders requested by Tenant; provided the delay will not exceed the amount of delay specified in the Change Order;

c. A willful or negligent act or omission of Tenant or Tenant's Representative, Tenant's agents, or employees that interferes with the progress of the work and which is not remedied within forty-eight (48) hours after delivery of notice from Landlord's Representative to Tenant's Representative of the interference.

*Tenant's Design Requirements* means the documents included in **Attachment B** to this LIA [e.g. architectural program, space plan, outline specification, other specifications, etc.].

*Tenant's Representative* means the County Sonoma Public Infrastructure representative or such other person as Tenant shall designate in writing to Landlord as its authorized representative for the purposes of administering this LIA.

*Tenant's Work* means furniture, fixtures and equipment not shown or described in Tenant's Design Requirements or the Final Plans, telephone cable from the Building's point-of-demarcation to and within the Premises, computer cable within the Premises, interior signs not shown or described in Tenant's Design Requirements, Tenant's security system if one is to be installed, and Tenant's personal and business property.

## ARTICLE II

### DESIGNATION OF REPRESENTATIVES

2.1 Designation of Representatives. Landlord and Tenant respectively appoint Landlord's Representative and Tenant's Representative as their sole representatives for the purposes of administering this LIA. Until replaced upon written notice, Landlord's Representative and Tenant's Representative will have the full authority and responsibility to act on behalf of Landlord and Tenant, respectively, as required in this LIA, but shall have no right to modify this LIA or the Lease or to waive any materials right of his or her principal under this LIA.

## ARTICLE III

### CONTRACT DOCUMENTS AND PERMITS

3.1 Retention of Architect and Delivery of Tenant's Design Requirements. Landlord shall retain the Architect to prepare the plans and specifications for the Leasehold Improvements.

3.2 Preparation and Approval of Final Plans. Landlord shall cause the Architect to prepare proposed Final Plans, which shall conform to Tenant's Design Requirements, on or before the last date specified in the Design Schedule for completion of such items. Tenant shall review the Final Plans and deliver to Landlord Tenant's written approval or disapproval of the Final Plans within the time limits stated in the Design Schedule. If Tenant disapproves in any respect the Final Plans, the parties shall confer and negotiate in good faith to reach written agreement on such item(s), using all reasonable

efforts to achieve final agreement on such item(s) by the last date for agreement specified in the Design Schedule.

3.3 Standards for Consent. Tenant shall not unreasonably withhold its approval of the Final Plans, unless the Final Plans do not conform to the Tenant's Design Requirements or unless the Leasehold Improvements are unsuitable for the conduct of Tenant's business. Any disapproval by Tenant shall be accompanied by a written statement of the disapproved item, the reasons for disapproval, and the specific changes required to make the Final Plans acceptable. If Tenant's written notice of disapproval is not delivered in accordance with the time limits and standards set forth in this section, approval shall be deemed not given.

3.4 Application for Approvals. When Tenant approves the Final Plans, Landlord shall submit them to all appropriate governmental agencies and third parties for issuance of the Permits required for the construction of the Leasehold Improvements and occupancy by Tenant of the Premises for its intended use. Landlord shall use all reasonable efforts to obtain the Permits within the time permitted by the Design Schedule.

3.5 Changes to Construction Documents. After being approved by Tenant in accordance with the foregoing, the Final Plans established in accordance with Article III, may be modified only by a written "Change Order" executed by Landlord and Tenant, which clearly describes: (a) the change; (b) the party required to perform the change; (c) any modification of the Final Plans necessitated by the Change Order; and (d) the cost to Tenant, if any, of the Change Order. Neither Landlord nor Tenant shall unreasonably withhold or delay its approval of any Change Order (whether requested by a party or required by Law and Orders).

## ARTICLE IV

### PERFORMANCE OF THE WORK

4.1 Commencement and Completion of Leasehold Improvements. When all Permits for construction of the Leasehold Improvements for Workscopes #1 and #2 have been obtained, Landlord shall cause the General Contractor to commence and to thereafter diligently prosecute the construction of the Leasehold Improvements in accordance with the Permits and the Final Plans, so that the Leasehold Improvements pursuant to Workscope #1 and Workscope #2 will be Substantially Completed on or before the Scheduled Completion Date.

4.3 Tenant's Entry. Landlord shall notify Tenant when the Leasehold Improvements pursuant to Workscope #1 are Substantially Completed and shall permit Tenant's contractors to enter into the Premises for the purpose of conducting Tenant's Work. Tenant and Landlord shall cooperate in good faith to schedule, coordinate, and perform their respective construction activities in an orderly manner and Tenant shall comply, and shall cause its contractors to comply, with all reasonable rules and regulations promulgated in writing by Landlord and provided to Tenant for the performance of Tenant's Work in the Premises.

4.4 Standards for Performance of the Work. Landlord shall cause the Leasehold Improvements to be constructed by well-trained, adequately supervised workers, in a good and workmanlike manner, free from design, material and workmanship defects in accordance with all Construction Documents and all Laws and Orders. Notwithstanding anything stated to the contrary in

the Lease or this LIA, Tenant's acceptance of possession of the Leasehold Improvements shall not waive this warranty and Landlord shall promptly remedy all violations of the warranty at its sole cost and expense.

## ARTICLE V

### COMPLETION OF THE WORK

5.1 Substantial Completion. Landlord's Work pursuant to Workscope #1 and Workscope #2 shall be deemed "Substantially Complete" when: (a) construction of the Leasehold Improvements has been substantially completed in accordance with the Final Plans, the Permits, and Laws and Orders; (b) the Architect has certified that the Leasehold Improvements have been constructed in accordance with the Final Plans; (c) Landlord's Representative and Tenant's Representative agree that all work has been substantially performed and a Certificate of Substantial Completion of Landlord's Work has been completed by Landlord's Architect and Tenant's Representative in the form attached hereto as **Attachment C**; (d) there is no incomplete or defective work that unreasonably interferes with Tenant's use of the Premises; (e) the Leasehold Improvements have been obtained (including a Certificate of Occupancy, if applicable); and (f) all utilities are hooked up and available for use by Tenant in the Premises. The Substantial Completion Date for Workscope #1 shall not occur until the Leasehold Improvements for Workscope #1 are Substantially Completed and Tenant has had at least thirty (30) calendar days to complete Tenant's Work.

5.2 Inspection and Punchlist. Tenant's Representative and Designers shall have the right to enter the Premises at all reasonable times for the purpose of inspecting the progress of construction of the Leasehold Improvements. Landlord shall notify Tenant's Representative when the Leasehold Improvements are Substantially Completed. On receipt of such notice, Tenant's Representative, Landlord's Representative, and the Architect shall inspect the Leasehold Improvements and prepare a written list of any items that are defective, incomplete, or do not conform to the Final Plans or the Permits and Laws and Orders (the "Punchlist"). Tenant may augment the Punchlist at any time on or before sixty (60) days following the Substantial Completion Date. Tenant's failure to specify any item on the Punchlist, however, shall not waive Landlord's obligation to construct the Leasehold Improvements in accordance with this LIA. Landlord shall cause all Punchlist items to be remedied within one hundred twenty (120) days after the Substantial Completion Date.

5.3 Delay in Substantial Completion. If the Substantial Completion of the Leasehold Improvements is delayed, the provisions of Sections 2.3, 2.4 and 2.5 of the Lease shall govern.

## ARTICLE VI

### PAYMENT OF CONSTRUCTION COSTS

6.1 Duty to Pay Construction Costs. Landlord and Tenant acknowledge that, pursuant to Section 4.4 of the Lease, the Tenant Improvement Allowance shall be applied towards Landlord's completion of the Landlord's Work. In the event that construction costs for Landlord's Work exceeds the Tenant Improvement Allowance, Tenant shall be responsible for those costs, or as the parties may otherwise agree in writing after the date of this LIA. Tenant shall bear all cost of performing Tenant's Work.

6.2 Notice of Nonresponsibility. Landlord shall provide Tenant with at least ten (10) days' prior written notice of the date of commencement of construction of the Leasehold Improvements, in order to permit Tenant to post, file, and record such Notices of Non-Responsibility and other instruments as may be necessary to protect Tenant and its property from claims by Contractors for Construction Costs that are to be paid by Landlord pursuant to this LIA.

## ARTICLE VII

### RISK OF LOSS

7.1 Builder's Risk Insurance. At all times prior to the Substantial Completion Date, Landlord shall maintain so-called contingent liability and broad form "builder's risk" insurance with coverage in an amount equal to the replacement cost of the Premises and the Leasehold Improvements to be constructed pursuant to this LIA.

7.2 Casualty. If the Premises or any portion of the Leasehold Improvements are damaged or destroyed prior to the Substantial Completion Date, the parties shall have the following rights to terminate the Lease:

a. Tenant may terminate the Lease, if (in the reasonable opinion of the Architect) the building cannot be restored and the Leasehold Improvements Substantially Completed prior to one hundred twenty (120) days after the Scheduled Completion Date and the proceeds of the builder's risk insurance are sufficient to restore the damages to the Premises and Leasehold Improvements.

b. If the Lease is so terminated, Landlord shall be entitled to the proceeds of the builder's risk insurance specified in Section 7.1.

c. If the Premises or the Leasehold Improvements are damaged or destroyed prior to the Substantial Completion Date and the Lease is not terminated pursuant to this section, Landlord shall promptly and diligently cause the General Contractor to restore the Premises and complete the construction of the Leasehold Improvements. Landlord shall be entitled to the proceeds of the builder's risk insurance specified in Section 7.1.

## ARTICLE VIII

### TENANT'S RIGHT TO TERMINATE

Tenant may terminate the Lease by delivery of a written termination to Landlord if a Permit required for construction of the Leasehold Improvements has not been issued on or before the last day for issuance of Permits specified in the Design Schedule, and pursuant to ARTICLE 2 of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this LIA, intending to be bound by it as of the Effective Date.

“LANDLORD”:

**GARY D. NELSON AND MARCIA L. NELSON,  
TRUSTEES OF THE GARY D. NELSON AND  
MARCIA L. NELSON FAMILY TRUST**

By: \_\_\_\_\_

By: \_\_\_\_\_

“TENANT”:

**COUNTY OF SONOMA**, a political subdivision of  
the State of California

By: \_\_\_\_\_

Johannes J. Hoevertsz, Director  
Sonoma County Public Infrastructure

APPROVED AS TO FORM FOR TENANT:

\_\_\_\_\_  
Deputy County Counsel

APPROVED AS TO CONTENT FOR TENANT:

\_\_\_\_\_  
C. Warren Sattler, Real Estate Manager

**Attachment A**

DESIGN AND CONSTRUCTION SCHEDULE \*

SCHEDULE	DATE or DAYS TO COMPLETE
1. Architect completes preliminary Final Plans	5 days after receipt of County's space plan requirements
2. Tenant will approve/disapprove the preliminary Final Plans	5 days after Schedule Item 1
3. Architect completes the Final Plans	5 days after Schedule Item 2
4. Tenant will approve/disapprove the Final Plans	5 days after Schedule Item 3
5. Last day for Landlord and Tenant to agree upon and initial Final Plans	5 days after Schedule Item 4
6. Last day for Landlord to obtain all Permits or Tenant may terminate the Lease	Date TBD
7. Scheduled Completion Date of Leasehold Improvements	60 days
8. Last day for Substantial Completion of Landlord's Improvements pursuant to Workscope #1*, or Tenant may terminate the Lease	December 31, 2023
9. Last day for Substantial Completion of Landlord's Improvements pursuant to Workscope #2.	December 31, 2023


\*Every effort will be made under the terms and conditions of the Lease to allow occupancy by the Tenant of the Premises on or before **September 30, 2023**.

## Attachment B

### TENANT'S DESIGN REQUIREMENTS

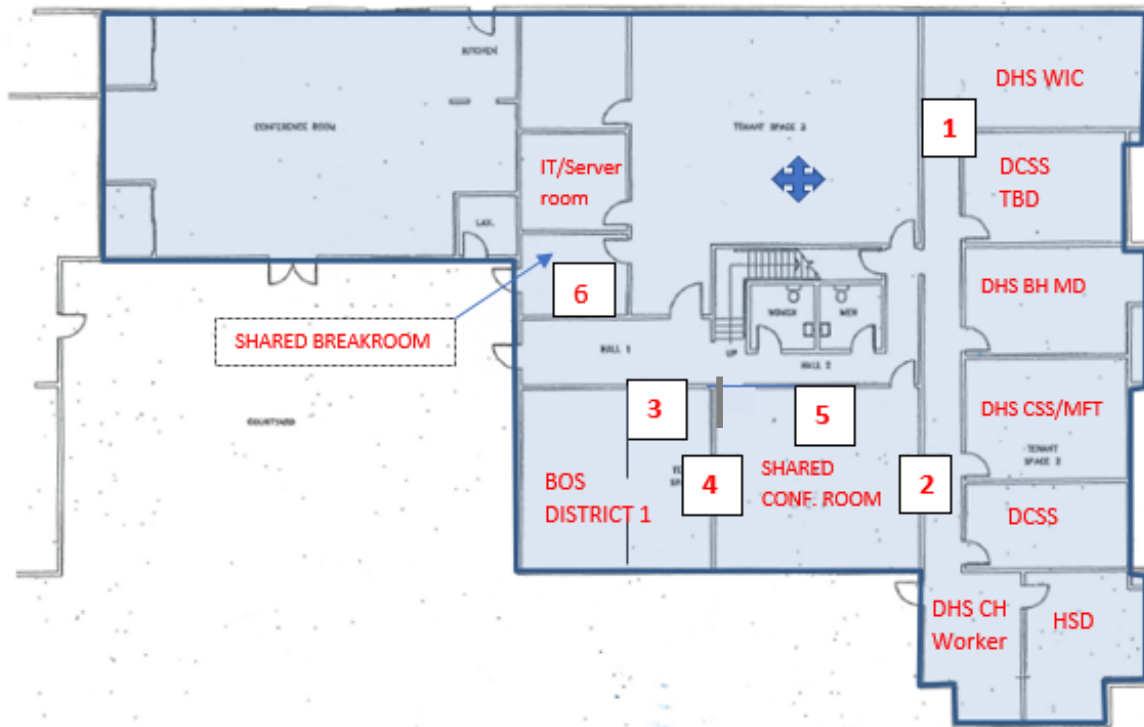
Landlord, at Landlord's sole cost and expense, shall perform the following Tenant Improvements. NOTE: This is not an architectural drawing, and simply a rendering to specify and define location of items within the Premises.

#### **WORKSCOPE #1:**

1. Replace interior solid wooden door with glass office door, where indicated below.
2. Install 'French door'-type glass doors, with side glass partitions on either side of French doors, where indicated below.
3. Install solid wood door, where indicated below.
4. Install solid wood door, where indicated below.
-  Professionally clean carpet throughout the Premises; replace carpeting where needed, and repaint and touch-up walls, where needed.

#### **WORKSCOPE #2:**

5. Install sink and counter, with 2 upper and 2 lower cabinets, where indicated below.
6. Install 2 upper and 2 lower cabinets, where indicated below.



**Attachment C**

**CERTIFICATE OF SUBSTANTIAL COMPLETION OF LANDLORD’S WORK**

The Landlord’s work in the Premises located at 19080 Lomita Avenue, 1<sup>st</sup> Floor in Sonoma, California, as defined in the that certain Lease dated \_\_\_\_\_, 2023, between **GARY D. NELSON AND MARCIA L. NELSON, TRUSTEES OF THE GARY D. NELSON AND MARCIA L. NELSON FAMILY TRUST** (“Landlord”) and the **COUNTY OF SONOMA** (“Tenant”), was substantially completed effective \_\_\_\_\_ PST on \_\_\_\_\_, 2023.

**“LANDLORD’S ARCHITECT”:** \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**“TENANT’S REPRESENTATIVE”: COUNTY OF SONOMA**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **Attachment D**

### **Prevailing Wage Addendum**

With regard to all alteration, construction, repair and other work at the Premises constituting “public work” under applicable law:

1. **Compliance With Prevailing Wage**. Landlord agrees and acknowledges it shall comply with all applicable requirements of California’s Prevailing Wage Law (Labor Code, § 1720, et seq.) and be the “awarding body” as required under California Labor Code § 1722 for improvements to the Premises. Landlord shall pay to any worker on the job to which prevailing wage applies and for whom prevailing wages have been established an amount equal to or more than the general prevailing wage rate of per diem wages for (1) work of a similar character in the locality in which the work is performed and (2) legal holiday and overtime work in said locality. The per diem wages shall be an amount equal to or more than the stipulated rates contained in a schedule that has been ascertained and determined by the Director of the State Department of Industrial Relations or County of Sonoma, as applicable, to be the general prevailing rate of per diem wages for each craft or type of workman or mechanic needed to perform the Project. Landlord shall also cause a copy of this determination of the prevailing rate of per diem wages to be posted at each site work is being performed, in addition to all other job site notices prescribed by regulation. Copies of the prevailing wage rate of per diem wages are on file with the County of Sonoma and will be made available to any person upon request.

2. **Compliance Monitoring and Registration**. Landlord shall comply with all monitoring and enforcement requirements imposed by the Department of Industrial Relations. Landlord shall furnish and shall require all contractors and subcontractors to furnish the records specified in Labor Code section 1776 (e.g. electronic certified payroll records) directly to the Labor Commissioner in a format prescribed by the Labor Commissioner at least monthly (Labor Code section 1771.4(a)(3)). Landlord and all contractors and subcontractors performing work that requires payment of prevailing wages shall be registered and qualified to perform public work pursuant to Labor Code section 1725.5 as a condition to engage in the performance of any services under this Lease.

3. **Subcontracts**. Landlord shall comply with all legal requirements to insert in every contract, subcontract or other arrangement which Landlord may make for performance of such work or labor on work, provision that the Contractor or Subcontractor shall pay persons performing labor or rendering service under contract or subcontract or other arrangement not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed in the Labor Code. Pursuant to Labor Code section 1775(b)(1), Landlord shall provide to each Contractor and Subcontractor a copy of sections 1771, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code.

4. **Compliance with Law**. Landlord shall comply with all applicable wage and hour laws, including without limitation Labor Code sections 1725.5, 1775, 1776, 1777.5, 1813, and 1815 and California Code of Regulations, Title 8, section 16000, et seq.

5. **Statutory Compliance/Living Wage Ordinance**. Landlord agrees to comply, and to ensure compliance by its contractors and consultants, or subcontractors and subconsultants, with all applicable federal, state, and local laws—including, but not limited to the County of Sonoma living

wage ordinance—affecting the improvement work under the Lease. Without limiting the generality of the foregoing, Landlord expressly acknowledges and agrees that such work under the Lease may be subject to the provisions of Article XXVI of [Chapter 2](#) of the Sonoma County Code, requiring payment of a living wage to covered employees. Noncompliance during the term of the Lease will be considered a material breach and may result in termination of the Lease or pursuit of other legal or administrative remedies.

6. Notwithstanding Landlord’s obligation to design, construct, and deliver the improvements to the Premises as required under the Lease, Landlord waives any and all rights and other provisions applicable to public works contractors arising under Public Contract Code section 9204 or the Local Agency Public Construction Act (Public Contract Code section 20100 et seq.).

**EXHIBIT D**

**ACKNOWLEDGEMENT OF COMMENCEMENT DATE**

LANDLORD and TENANT hereby acknowledge that the Commencement Date of that certain Lease dated \_\_\_\_\_, 2023, for premises located at **19080 Lomita Avenue, 1<sup>st</sup> Floor, Sonoma California**, occurred on \_\_\_\_\_, 2023.

ACKNOWLEDGED BY LANDLORD: **GARY D. NELSON AND MARCIA L. NELSON,  
TRUSTEES OF THE GARY D. NELSON AND  
MARCIA L. NELSON FAMILY TRUST**

By: \_\_\_\_\_

By: \_\_\_\_\_

ACKNOWLEDGED BY TENANT: **COUNTY OF SONOMA**, a political  
subdivision of the State of California

By: \_\_\_\_\_  
Johannes J. Hoevertsz, Director  
Sonoma County Public Infrastructure

## EXHIBIT E

### INSURANCE REQUIREMENTS

#### **Section I: Insurance Required to be Maintained by Landlord**

At all times during the term of this Lease, Landlord shall purchase and maintain, at its own expense, insurance as described below, unless such insurance has been expressly waived by the attachment of a *Waiver of Insurance Requirements*.

Tenant reserves the right to review any and all of the required insurance policies and/or endorsements, but has no obligation to do so. Failure to demand evidence of full compliance with the insurance requirements set forth in this Lease or failure to identify any insurance deficiency shall not relieve Landlord from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during this Lease.

#### **1. Workers Compensation and Employers Liability Insurance**

- a. Required if Landlord has employees.
- b. Workers Compensation insurance with statutory limits as required by the Labor Code of the State of California.
- c. Employers Liability with minimum limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; \$1,000,000 Disease per policy.
- d. The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against Tenant.
- e. Required Evidence of Insurance:
  - i. Subrogation waiver endorsement; and
  - ii. Certificate of Insurance

If Landlord currently has no employees, Landlord agrees to obtain the above-specified Workers Compensation and Employers Liability insurance should any employees be engaged during the term of this Lease or any extensions of the term.

#### **2. General Liability Insurance**

- a. Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- b. Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; the General Aggregate shall apply separately to each location. The required limits may be provided by a combination of General Liability Insurance and Commercial Umbrella Liability Insurance. If Landlord maintains higher limits than the specified minimum limits, Tenant requires and shall be entitled to coverage for the higher limits maintained by Landlord.
- c. Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by Tenant. Landlord is responsible for any deductible or self-insured retention and shall fund it upon Tenant's written request, regardless of whether Landlord has a claim against the insurance or is named as a party in any action involving the Tenant.
- d. **County of Sonoma, its Officers, Agents and Employees** shall be additional insureds for liability arising out of premises owned by or rented to Landlord (Insurance Services Office endorsement CG 20 26 or equivalent).

- e. The insurance provided to the additional insureds shall be primary to, and non-contributory with, any insurance or self-insurance program maintained by them.
- f. The policy shall cover inter-insured suits between Landlord and Tenant and include a “separation of insureds” or “severability” clause which treats each insured separately.
- g. The policy shall be endorsed to include a written waiver of the insurer’s right to subrogate against Tenant.
- h. Required Evidence of Insurance:
  - i. Copy of the additional insured endorsement or policy language granting additional insured status, and
  - ii. Certificate of Insurance.

**3. Property Insurance for Building and Tenants’ Improvements & Betterments**

- a. The insurance shall cover the Building (excluding land) and all improvements and structures on the land.
- b. Insured perils shall be “special form” or “all risks”.
- c. The minimum amount of insurance shall be the full current replacement cost of the building and all improvements and structures on the land, including the cost of debris removal. This amount shall be re-determined annually by Landlord, subject to approval by Tenant.
- d. The insurance shall apply on a replacement cost basis, without deduction for depreciation.
- e. The insurance shall cover the interests of both Landlord and Tenant. Tenant shall be endorsed as an additional insured with respect to its interest in covered property; other tenants may be added as additional insureds.
- f. All moneys collected from the insurance company shall be held by Landlord in trust to be used and applied exclusively in accordance with Article 10 entitled “Destruction and Untenantability of Premises”.
- g. Tenant shall not be responsible to Landlord for any coinsurance penalty assessed by the insurance company.
- h. If the policy has a deductible, Landlord shall be responsible for the full amount of the deductible without contribution from Tenant.
- i. Required Evidence of Insurance:
  - i. Additional insured endorsement; and
  - ii. Certificate of Property Insurance *or* Evidence of Commercial Property Insurance.

**4. Rental Value Insurance**

- a. The insurance shall cover loss of rents resulting from an insured cause of loss under a “special form” or “all risks” policy.
- b. The period of insurance shall be the entire period of restoration of damaged property and shall not be limited to a period of 12 or 18 months.
- c. The limit shall be one hundred fifty percent (150%) of the annual rents payable by all tenants occupying the building.
- d. Required Evidence of Insurance: Certificate of Property Insurance *or* Evidence of Commercial Property Insurance

## 5. Mold Liability Insurance

- a. The insurance shall cover claims for mold-related bodily injury and property damage (including loss of use) and remediation expenses.
- b. The insurance shall cover claims arising out of the presence of mold, microbial matter, or mold or fungus spores on the Premises.
- c. Minimum Limit: \$5,000,000 per occurrence.
- d. Required Evidence of Insurance: Certificate of Insurance

## 6. Standards for Insurance Companies

Insurers shall have an A.M. Best's rating of at least A:VII.

## 7. Documentation

- a. The Certificate of Insurance must include the following reference: **County of Sonoma leased premises located at 19080 Lomita Avenue, 1<sup>st</sup> Floor, Sonoma, CA.**
- b. All required Evidence of Insurance shall be submitted prior to the execution of this Lease. Landlord agrees to maintain current Evidence of Insurance on file with Tenant for the required period of insurance.
- c. The name and address for Additional Insured endorsements and Certificates of Insurance is: **County of Sonoma, its Officers, Agents and Employees, in c/o County of Sonoma, Public Infrastructure Department, Attn: Real Estate Manager, 2300 County Center Drive, Suite A220, Santa Rosa, CA 95403.**
- d. Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing policy.
- e. Landlord shall provide immediate written notice if: (1) any of the required insurance policies is terminated; or (2) the limits of any of the required policies are reduced.
- f. Upon written request, certified copies of required insurance policies must be provided within thirty (30) days.

## 8. Policy Obligations

Landlord's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

## 9. Material Breach

If Landlord fails to maintain insurance which is required pursuant to this Lease, it shall be deemed a material breach of this Lease. Tenant may give notice to Landlord to reinstate or acquire the affected insurance. Should Landlord fail to reinstate or acquire the affected insurance within ten (10) days of Tenant's notice to reinstate or acquire such insurance, Tenant may either terminate this Lease, reinstate or acquire the affected insurance, and Landlord shall reimburse Tenant for the necessary cost at Tenant's option.

## Section II: Insurance Required to be Maintained by Tenant

At all times during the term of this Lease, Tenant shall purchase and maintain, at its own expense, insurance or self-insurance as described below.

### 1. General Liability Insurance

- a. Minimum Limit: \$1,000,000 per occurrence.
- b. The policy shall be endorsed to include a written waiver of the insurer's right to subrogate

against Landlord.

- c. Required Evidence of Insurance: Certificate of Insurance or Letter of Self-Insurance.

**2. Documentation**

- a. All required Evidence of Insurance shall be submitted prior to the execution of this Lease. Tenant agrees to maintain current Evidence of Insurance on file with Landlord at all times during the term of this Lease.
- b. Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing insurance or self-insurance.

**EXHIBIT F**

Recorded at the request of:

Facilities Development & Management  
County of Sonoma  
2300 County Center Drive, Suite A220  
Santa Rosa, California 95403

When recorded return to:

Facilities Development & Management  
County of Sonoma  
2300 County Center Drive, Suite A220  
Santa Rosa, California 95403

(space above this line for recorder's use)

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**SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT**

THIS AGREEMENT made this \_\_\_ day of \_\_\_\_\_, 20\_\_ (“Effective Date”) by and between \_\_\_\_\_ (“Mortgagee”), \_\_\_\_\_ (“Mortgagor”), and the County of Sonoma, a political subdivision of the State of California (“County”).

W I T N E S S E T H:

SEE EXHIBIT “A” ATTACHED FOR LEGAL DESCRIPTION.

“County Lease” as used herein includes any extension or renewal thereof.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree as follows:

1. Provided County is not in default under the terms of the County Lease, then:

(a) The right of possession of County to the leased premises and County’s rights arising out of the County Lease shall not be affected or disturbed by Mortgagee in the exercise of any of its rights under the Mortgage or the note secured thereby;

(b) Any sale of any portion of the premises described in the County Lease pursuant to the exercise of any rights and remedies under the Mortgage or otherwise, shall be made subject to the Lease and the rights of County thereunder; County will attorn to the Mortgagee or any purchaser at such sale and the County Lease shall continue in accordance with its terms between County and Mortgagee or such purchaser.

2. Mortgagee or such purchaser shall not be bound by any payment of rent or additional rent made by County to Lessor for more than one month in advance. In addition, Mortgagee, or such purchaser, shall not be; (i) liable for any act or omission of Lessor or any other prior lessor which occurred prior to the time the Mortgagee or such purchaser purchased or otherwise acquired the property or acquired its interest under the lease subject to any off-sets or defenses that County may have against

any prior landlord under the Lease; or (ii) bound by any amendment or modification of the Lease which would; (a) reduce the initial term; (b) reduce the aggregate rent; or (c) provide for any termination rights within the initial term not already provided for in the Lease made without the written consent of Mortgagee or such other purchaser who has first notified County in writing of its interest, which consent shall not be unreasonably withheld.

3. The County Lease shall be subject and subordinate to the lien of the Mortgage and to all the terms, conditions, and provisions thereof, to all advances made or to be made thereunder, and to any renewals, extensions, modifications or replacements thereof, including any increases therein or supplements thereto.

4. The foregoing provisions shall be self-operative.

5. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the Effective Date.

Mortgagee:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Mortgagor:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

County:

By: \_\_\_\_\_

Facilities Development & Management

Approved as to Form for Tenant:

\_\_\_\_\_  
Deputy County Counsel

**TENANT ESTOPPEL CERTIFICATE**

Date: \_\_\_\_\_

\_\_\_\_\_  
(the "Landlord")

\_\_\_\_\_  
(the "Lender")

RE: Lease dated \_\_\_\_\_, \_\_\_\_\_, as amended, (the "Lease") by and between \_\_\_\_\_  
\_\_\_\_\_, a \_\_\_\_\_ ("Landlord"), and the  
**COUNTY OF SONOMA**, a political subdivision of the State of California ("Tenant"), with respect  
to certain premises (the "Leased Premises") located at \_\_\_\_\_  
\_\_\_\_\_, California (the "Property")

To Whom This May Concern:

The undersigned hereby acknowledges that \_\_\_\_\_ ("Borrower") intends to purchase the Property and, in connection therewith, encumber the Property with a deed of trust in favor of Lender. As part of the purchase of the Property by Borrower, the Lease will be assigned to Borrower. The undersigned further acknowledges the right of Landlord, Borrower, Lender and any and all of Landlord's or Borrower's present and future lenders to rely upon the statements and representations of the undersigned contained in this Certificate and further acknowledges that any loan secured by any such deed of trust or further deeds of trust will be made and entered into in material reliance on this Certificate.

Given the foregoing, the undersigned Tenant hereby certifies and represents unto Landlord, Borrower, Lender, and their respective successors and assigns, with respect to the above-described Lease, a true and correct copy of which is attached as **Exhibit A** hereto, as follows:

1. To the best of Tenant's knowledge, all space and improvements covered by the Lease have been completed and furnished to the satisfaction of Tenant/except for the following: \_\_\_\_\_  
\_\_\_\_\_. All other conditions required under the Lease have been met, and Tenant has accepted and taken possession of and presently occupies the Leased Premises, consisting of approximately \_\_\_\_\_ rentable square feet.
2. The Lease commenced \_\_\_\_\_, \_\_\_\_\_, and expires \_\_\_\_\_, \_\_\_\_\_, and has not been modified, altered or amended in any respect and contains the entire agreement between Landlord and Tenant, except as follows: \_\_\_\_\_  
\_\_\_\_\_.

3. Tenant has \_\_\_\_option(s) remaining to extend the term of the Lease for \_\_\_\_\_ years.
4. As of the date hereof, the monthly rental under the Lease is \$\_\_\_\_\_. There is/is not any percentage rent or common area maintenance charges or operating pass-through charges due under the Lease.
5. No rent has been paid by Tenant in advance under the Lease. Tenant has no charge or claim of offset under said Lease or otherwise, against rents or other amounts due or to become due thereunder. No "discounts", "free rent" or "discounted rent" have been agreed to or are in effect.
6. No security deposit is due or was paid under the Lease.
7. Tenant has no claim against Landlord for any deposit or prepaid rent except as provided in Paragraphs 5 and 6 above.
8. Landlord has satisfied all commitments, arrangements or understandings made to induce Tenant to enter into the Lease, and, to the best of Tenant's knowledge, Landlord is not in any respect in default in the performance of the terms and provisions of the Lease, nor is there now any fact or condition which, with notice or lapse of time or both, would become such a default.
9. Tenant is not in any respect in default under the terms and provisions of the Lease, nor is there now any fact or condition which, with notice or lapse of time or both, would become such a default, and Tenant has not assigned, transferred or hypothecated its interest under the Lease.
10. Except as expressly provided in the Lease or in any amendment or supplement to the Lease, there are no understandings, contracts, agreements, subleases, assignments, or commitments of any kind whatsoever with respect to the Lease or the Leased Premises except as expressly provided above, or in the Lease, or in any amendment or supplement to the Lease set forth in Paragraph 2 above, copies of which are attached hereto.
11. The Lease is in full force and effect and Tenant has no defenses, setoffs, or counterclaims against Landlord arising out of the Lease or in any way relating thereto or arising out of any other transactions between Tenant and Landlord.
12. The current address to which all notices to Tenant as required under the Lease should be sent is:  
  

COUNTY OF SONOMA  
Public Infrastructure Department  
Facilities Development & Management  
Attn: Real Estate Manager  
2300 County Center Drive, Suite A220  
Santa Rosa, California 95403
13. In the event of any conflict between this Certificate and the Lease, the Lease shall control.

“TENANT:” COUNTY OF SONOMA, a political subdivision  
of the State of California

By: \_\_\_\_\_  
C. Warren Sattler, Real Estate Manager

Date: \_\_\_\_\_

**EXHIBIT A**

**[copy of Lease]**

## **EXHIBIT G**

### **[Covid-Related Recommendations]**

**Covid-19 Related Requirements.** Landlord shall maintain Premises systems and tenant, contractor, and guest protocols and best practices to best ensure compliance with all applicable local, state, and federal laws, regulations, and guidances related to the Covid-19 pandemic, including masking, capacity restriction, and air quality/safety requirements. Without limitation, Landlord shall:

1. Ensure that for all indoor locations, regular evaluations are conducted and reasonable (and required, if applicable) measures are implemented for maximizing outside air allowance, air exchange, and increased filtration efficiency, as compatible with existing HVAC systems and reasonable modifications and/or adjustments thereto;
2. To the fullest extent feasible and consistent with industry best standards and applicable laws, ensure that the epidemic air standards and recommendations of the American Society of Heating, Refrigerating, and Air- Conditioning Engineers are met with regard to the Premises and common areas of the Property (available at: <https://www.ashrae.org/file%20library/technical%20resources/covid-19/core-recommendations-for-reducing-airborne-infectious-aerosol-exposure.pdf>) .
3. Ensure compliance with applicable requirements and industry best standards by all Landlord officers, agents, contractors, and subcontractors accessing the Premises as otherwise allowed under this Lease.